

AR92

Northlands Annual Report

LEAPS AND BOUNDS.

LEAPSANDBOUNDS

When it comes to delivering the highest quality entertainment, agriculture, and business experiences, we're the experts. Every year we bring the world to Edmonton and Edmonton to the world. We attract and produce over 2500 events, enticing over four million visitors, exhibitors, athletes and dignitaries to our city. We have spent more than 129 years shaping Edmonton and every year, we work that much harder to create the kind of exceptional experiences our community has come to expect from us. We are constantly anticipating the needs and desires of our exhibitors and guests. Constantly seeking out the best ways to reinvest our earnings back into the community, and constantly looking to generate the kind of dialogue and spark the kind of ideas that will set us all up for future success – even when times are tough. Leaps and Bounds is the best way to sum up what we do, because for us at Northlands, we are taking big steps to build our city and lead the way in delivering the kind of experiences that help Edmonton take its place on the world stage.

FINANCIAL HIGHLIGHTS

December 31, 2008
(\$ Thousands)

	2008	2007	2006
<i>Revenues</i>			
Northlands Major Events	16,699	17,819	16,724
Agriculture	3,634	2,332	2,490
Racing & Gaming	76,972	76,634	81,574
Facility Sales & Client Services	42,148	50,411	36,327
	139,453	147,196	137,115
<i>Event Contributions*</i>			
Northlands Major Events	1,915	2,785	1,892
Agriculture	(644)	(664)	(415)
Racing & Gaming	(4,681)	(3,850)	(2,811)
Facility Sales & Client Sales	4,809	5,912	2,745
	1,399	4,183	1,411
<i>Net Earnings (Loss)</i>			
Northlands Major Events	1,758	2,625	1,858
Agriculture	(829)	(743)	(437)
Racing & Gaming	1,044	(253)	1,147
Facility Sales & Client Services	5,767	6,882	3,908
Other**	(7,174)	(3,698)	(3,133)
	566	4,813	3,343
Working capital surplus / (deficiency)	(26,624)	31,160	32,076
Long-term debt (non-current)	2,266	2,404	2,537
Net Assets	37,785	37,219	32,407
Capital expenditures	64,831	27,701	9,612

* before grants, interest and depreciation.

** Indirect grounds and building maintenance, administration and corporate programs, sales and marketing, net grant revenue and other income.

LETTER FROM EXECUTIVE

Taking big steps to build our city and deliver exceptional experiences

At Northlands, we have experienced unprecedented growth over the past few years. A booming economy, a fantastic leadership team and an eye on the future led us into a strong position to capitalize on great business opportunities that benefit our entire community. Overall, Northlands' financial performance in 2008 was relatively strong in contrast to many other Canadian businesses that were adversely impacted by the global economic slowdown in the fourth quarter.

In 2008 our total annual revenue exceeded \$139 million, and our net earnings were \$566 thousand. We anticipate 2009 will be steady, and like most other businesses, we are closely monitoring the effects of the economy and operating costs to ensure we stay on strategy and continue to provide our guests and clients with the kind of exceptional experiences they have come to expect from Northlands.

2008 Highlights:

- We completed Phase I of Project Evolution.09, the \$150 million facility expansion that is putting us well on our way to becoming the largest trade and consumer show space in Canada, outside of Toronto. Our new facility will help boost growth and prosperity in the region – contributing nearly \$600 million to the local economy by 2010. It's part of our commitment to making Edmonton a big-time city.
- We introduced the first ever Rexall Edmonton Indy – a major event we've added to an already action-packed summer line-up. From an economic impact and performance perspective Indy was a huge success, contributing over \$80 million in economic impact in the Edmonton region while profiling Edmonton abroad to over 358 million homes across 184 countries and territories worldwide. Operating the Rexall Edmonton Indy was also a demonstration of Northlands' ability to execute events on or off site. This is just the tip of the iceberg for this new event and we are committed to building Edmonton's biggest summer celebration in tandem with Capital EX.
- It is hard to pack any more entertainment into our 10-day Capital EX festival, but every year we find a way. In 2008, 743,374 visitors experienced Capital EX and all that it had to offer – from the first-time showing of Cirque Mechanics Birdhouse Factory to record crowds attending ED Fest and Sip!, our food and wine experience.
- In 2007 we purchased the Farm and Ranch Show from DMG, branding it the Northlands Farm and Ranch Show. Our focus now is to inject new energy into this successful show that has a 40-year history.

- We took a lead role in discussions surrounding a new sports and entertainment complex for Edmonton, as a member of the Mayor's Arena Leadership Committee. Subsequently, Northlands will continue to play a leadership role in the pivotal next steps as we build the best arena solution for Edmonton. To this end, we will work closely with the Rexall Sports Group and the City of Edmonton. As the owner and operator of Rexall Place, we are this city's arena experts and we pride ourselves in the expertise we bring to this initiative.
- Our current venue, Rexall Place brings Edmonton to life – an incredible 240 days a year. Last year alone, Northlands brought over 100 concerts, sold-out shows and extraordinary events to Rexall Place. That is on top of all the hockey action that brings thousands of fans to their feet for the Oilers and Oil Kings.
- Almost 90,000 fans converged on Northlands to take in six performances of extreme competition at the Canadian Finals Rodeo. Every year we add new elements to keep this event fresh for the fans. Saturday night's show brought out the largest crowd we've seen since 2000 and this year's re-introduction of Boys Steer Riding really rounded out our show. Combining youth with the professionals created a truly, all ages event.
- Northlands Park offered up experiences that cannot be found anywhere else in Canada. Not only did we host the World Professional Chuckwagon Championships, and Northlands Hunter Jumper Show, we brought the three biggest names in the history of thoroughbred racing – jockeys Pat Day, Laffit Pincay Jr. and Jorge Velasquez – to participate in our annual jewel, the Canadian Derby. When the dust settled, Northlands handle had reached over \$1 million. It would be a stretch to call it the best-ever Canadian Derby result, but it was the first million-dollar day since the early '80s.

Telling the Northlands story

Since day one, Northlands has been passionate about building our city and creating a brighter future for all Edmontonians. Every year, we attract and produce over 2500 different world-class sports and entertainment events, creating excitement and building the vibrancy of our city. As a community-based asset and a business and community leader for over 129 years, we have a compelling story to share and we want to celebrate this long history for future generations by making history now.

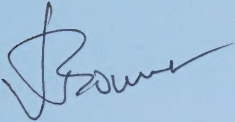
- When it comes to delivering excitement, we're the experts. Nobody treats Edmonton to bigger sporting events and exceptional entertainment.
- We reinvest all of our earnings back into our programs and facilities with the goal to build a better community.
- We generate more than \$355 million in direct spending annually, and in 2008 alone, we created over \$1 billion in economic activity in the capital region and throughout Alberta.
- We are the event and trade show engine of Western Canada and one of Edmonton's largest tourist attractions.

- We reach out to enrich the lives of those around us through ongoing community programs that provide opportunities to elementary and post secondary students, athletes, budding stars, and special needs children.

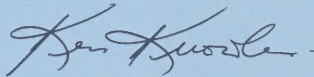
Moving into 2009

At Northlands we have a senior management team in place with the ability and the agility to respond to the demands of a changing economy. This year's annual report theme, Leaps and Bounds speaks to that commitment. We believe, in anticipating what our customers and clients will want next. And we will remain intentionally nimble and flexible in this time of economic uncertainty.

Finally we will not take our focus off of what matters to our community and that is to create memories and deliver exceptional experiences. With this commitment we will be more diligent than ever to serve you – our guests and our customers.



Jerry Bouma
Chair, Northlands Board of Directors



Ken Knowles
President



PERFORMANCE HIGHLIGHTS FOR 2008

PROJECT EVOLUTION.09

We completed Phase 1 of our facility expansion, Project Evolution.09, in the fall of 2008.

When complete, our contiguous show space totaling more than 500,000 square feet will position Northlands as the premier exhibition

venue in Canada, outside of Toronto. Project Evolution.09 will drive even more growth in the local economy contributing approximately \$595 million in total economic activity by 2010.

\$595 million
in total economic activity by 2010

FACILITY SALES AND CLIENT SERVICES

A record number of concerts in Rexall Place (47) and a diverse line-up of trade shows, family shows and sporting events helped Facility Sales and Client Services exceed business plan

projections by \$1.8 million, once again surpassing expectations for 2008 and bringing a great spectrum of entertainment to Edmonton.



CANADIAN FINALS RODEO

The Canadian Finals Rodeo surpassed budget expectations by \$264 thousand and continued to see strong attendance with almost 90,000 fans converging on Northlands to take in six performances of extreme competition.

This year's positive performance can be attributed to increased ticket revenue as a result of a new approach to ticket sales that started in 2007 and strategic sponsorship agreements.

AGRICULTURE

We anticipated 2008 would be a year of investment in our Agriculture business as we built and produced new programming elements to achieve sustained attendance levels and provide this industry with enhanced marketing opportunities. The business unit performed below business plan projections by \$645 thousand, resulting in a net loss of \$829 thousand. Soft performance can be attributed to

lower attendance at Farmfair International and an aggressive revenue forecast for our newly branded Northlands Farm and Ranch Show. Despite poor financial performance, both events brought rave reviews from audiences who praised Northlands new and unique approach to entertainment and marketing.

FANS



CAPITAL EX

Capital EX performed within the 10-year average for attendance in 2008, with 743,374 visitors.

Despite our success in delivering a crowd-pleasing festival that saw huge crowds groove to ED Fest bands like Sam Roberts and Metric, net earnings were \$1.3 million below business plan projections,

namely as a result of lower than anticipated Super Pak sales for our lotteries. We continue to adjust our programming so that it is more relevant and aligned with the entertainment priorities of our target audiences.

743,374 visitors

RACING AND GAMING

In 2008, Racing and Gaming had a strong year providing guests with experiences that could not be found anywhere else in Canada. This year Northlands Park hosted 160 race days, 1.5 million guests (up from 1.4 million in 2007), and paid

out purses valued at \$18.9 million (down slightly from \$19.8 million in 2007). Our total track handle reached \$101.5 million, a 7 per cent increase over last year. Despite solid results, Northlands Park performed slightly below budget expectations.

THE REXALL EDMONTON INDY

We added a major event to our jam-packed summer line-up with the introduction of the Rexall Edmonton Indy. In 2008, its economic impact was \$80 million and the event reached an international audience of over 358 million homes across 184 countries and territories worldwide. This international audience reach represents \$20 million in additional media exposure for the city of Edmonton. No other Edmonton-based event has the potential to generate the same level of international profile for the city.

358 MILLION

VOLUNTEER BOARD OF DIRECTORS



Judy Batty
Volunteer since 2001
Member since 2002
Director since 2008



Doug Bienert
Volunteer since 1973
Member since 1973
Director since 1998



**Jerry Bouma,
Chair**
Volunteer since 1993
Member since 1995
Director since 1999



Rick Carter
Volunteer since 1995
Member since 2002
Director since 2002



Don Clipperton
Volunteer since 1995
Member since 1998
Director since 2007



Barbara Dixon
Volunteer since 1999
Member since 2002
Director since 2003



Jennifer Fisk
Volunteer since 2004
Member since 2006
Director since 2006



Laura Gadowsky
Volunteer since 1993
Member since 1995
Director since 2003



**Andrew Huntley,
First Vice-Chair**
Volunteer since 1972
Member since 2002
Director since 2002



Scott Kashuba
Volunteer since 2004
Member since 2006
Director since 2008



**Harold Kingston,
FCA**
Volunteer since 2000
Member since 2000
Director since 2001



Earl Klapstein
Volunteer since 1992
Member since 2002
Director since 2006



Betty Loree
Volunteer since 1983
Member since 2008
Director since 2008



Burke Perry
Volunteer since 1970
Member since 1985
Director since 1996-99,
2007



Wendy Schneider
Volunteer since 1994
Member since 1994
Director since 1998



Bob Walker
Volunteer since 1987
Member since 1988
Director since 2007



Melanie Wilson
Volunteer since 2001
Member since 2002
Director since 2005



**John Windwick,
Second Vice-Chair**
Volunteer since 1997
Member since 1997
Director since 2000

Community Appointments



Chief Cam Alexis
Volunteer since 2008
Member since 2008
Director since 2008



Howard Weir
Volunteer since 1996
Member since 1996
Director since 1996



Randy Garvey
Volunteer since 2005
Director since 2005

Directors Representing the City of Edmonton



Coun. Tony Caterina
Director since 2007



Coun. Ron Hayter
Director since 2007



Mayor Stephen Mandel
Director since 2004



Coun. Ed Gibbons
Director since 2007



Coun. Kim Krushell
Director since 2007

Honourary Directors

**His Honour, the Honourable
Norman Kwong, CM, AOE**
Lieutenant-Governor of Alberta

The Honourable Ed Stelmach
Premier of Alberta

All Members of City Council
City of Edmonton

Directors Representing the Province of Alberta



Naresh Bhardwaj,
MLA
Director since 2008



Thomas Lukaszuk,
MLA
Director since 2007
Term Completed 2008

Directors Representing the Government of Canada



Susan Green
Volunteer since 2003
Director since 2007



Ian McClelland
Director since 2006
Term Completed 2008

Representing the Government of Canada



Jack L. Bailey



Jim Campbell



E.I. Clarke, Jr.



Dale Cole



Don M. Hamilton



W.J.M. (Bill) Henning



Harry Hole



Warren Holte



Don F. Jackson



Glen W. Lavold*



Dale Leschiutta



Mike Marples



A. Ross McBain



H.L.D. (Len) Perry



JR Shaw



Allan A. Shenfield



Don H. Sprague



Dr. Robert Westbury



Gordon Wilson



Eric Young



Gerry Yuen

Directors

OUR VOLUNTEERS

2008 marked 129 years of an impressive volunteer tradition at Northlands. Each December, Northlands holds Volunteer Appreciation Night in order to celebrate the wide array of volunteers who provide exceptional service during Capital EX, Farmfair International, Canadian Finals Rodeo and other Northlands events. Without volunteers we could not operate. In 2008, our volunteers contributed in excess of 30,000 hours of service to Northlands programs and events.

Abercrombie, Blaire	Batt, Diane	Brewka, Ashley	Chornoluk, Richard
Abercrombie, Linda	Batty, Jane ⁵	Brewka, Dirk	Chow, Rosie
Acker, Elizabeth 'Liz'	Batty, Judith 'Judy' ⁵	Brewka, Sharon	Christi, Jean ⁵
Acker, Robert 'Rob'	Baumgardner, Darren	Broda, David	Christiansen, Donald ⁵
Adams, Janet 'Lynn' ⁵	Bayrak, Jerry	Brown, Ross ⁵	Clark, Alyssa
Adams, Ella 'El'	Bayrak, Marion	Brown, Brian	Clark, Gary ⁵
Adams, James 'Jim'	Beauchamp, Gerard 'Gerry'	Brown, Richard 'Rick'	Clark, Scott
Adams, Robert 'Bob'	Beauchamp, Victoria 'Vicky'	Brownie, Lisa	Clarke, Jesusa 'Susie'
Adolf, Elizabeth 'Liz'	Belanger, Dale	Brownlee, Jeannette	Clarke, C.M., Donald ⁵
Adolphson, Helene	Belanger, Dennis	Brownlee, HLM, James	Clennell-Desmarais, Kolbi
Ahlskog, Lois	Belcourt, Virginia	Brunet, Murielle	Clipperton, Donald ⁵
Albert, Marilyn	Benbow, Lloyd ⁵	Buba, Jordan	Clipperton, Karen ⁵
Albright, Rebecca 'Becky'	Benbow, John 'Allen'	Buba, Sandra 'Sandy'	Coatta, Donna-Rae
Alexis, Bertha	Benbow, Linda 'Ruth'	Buchanan, Donald ⁵	Cole, Dale ⁵
Alexis, Cameron 'Cam'	Benchasky, Natalia ⁵	Buchkowsky, Terry	Collins, Christine 'Chris'
Alexis, Doreen	Beniuk, Stella	Buddle, Harry ⁵	Collins, Darlene
Alexis, Isabella 'Bella'	Bennett, Gary	Buffalo, Chrystin	Collum, F. 'Elaine'
Alexis, Jacob	Bentley, David 'Bruce' ⁵	Burns, Donald 'Don'	Comer, Eve
Alexis, Kathleen	Bereti, Eva	Burns, Margaret 'Peggy'	Connelly, Gerald 'Gerry' ⁵
Alexis, Louise	Bertholet, Andre 'Andy'	Burns, HLM, Robert 'Bob' ⁵	Connelly, Glenn ⁵
Alexis, Roderic	Best, Lyle ⁵	Burns, Susan 'Valerie'	Coombs, Myrna
Allen, Robert 'Robb'	Bezaire, Eldon	Burns, Terry	Copeland, Eleanor
Andersen, Dianne	Bezaire, Elizabeth 'Betty'	Bush, Darlene	Copeland, James 'Jim'
Anderson, Bryan	Bhardwaj, Naresh	Bush, William 'Bill'	Cotta, Giselle
Anderson, John	Bidlock, R. 'Peter' ⁵	Butler, George ⁵	Court, Jane
Andreoff, Georgina	Bienert, Douglas 'Doug' ⁵	Butler, Patricia 'Pat' ⁵	Cribb, Daniel
Andresen, Lillian	Bienert, Helen 'Helen'	Butti, Olivia ⁵	Crier, Beverly
Andrews, Chad	Bijou, Lauraine	Byers, Richard ⁵	Crier, Mary
Andrushak, Maxine	Bijou, Robert	Byford, Steven	Crier-Rahaman, Sherina
Annicchiarico, Tracy	Bissett, William 'Bill' ⁵	Campbell, Bruce ⁵	Cripps, Charles ⁵
Ardiel, Nancy 'Linda'	Black, Melissa	Campbell, Colin ⁵	Cripps, Shirley
Armstrong, Beverley 'Bev' ⁵	Blake-Leavitt, Daphne	Campbell, Gary ⁵	Crockett, Donald 'Don'
Arnoldussen, Linda ⁵	Blatz, Charmaine	Campbell, R. 'Jim' ⁵	Cronin, Randall 'Randy'
Ashbacher, Darrel	Blize, Clint	Camrose Regional Exhibition ⁵	Crowther, Muriel
Ashbacher, Wendy	Blize, Joan	Cardinal, Cheshire	Cumming, James ⁵
Athaide, Steve	Blume, Marlene	Cardinal, Doreen	Cunningham, Kenneth 'Ken'
Atkins, Cathlyn	Blumentrath, Ursula	Cardinal, Yvonne	Currie, Dekker
Aubin, Dennis	Bodell, Florence 'Flossie' ⁵	Carlson, Arne	Cyre, Clifford
Awid, Ken ⁵	Bodell, Laura ⁵	Carlson, Ruth	D'Agnone, Shannon
Badowsky, Walter ⁵	Bodell, Lorne ⁵	Carlyle, Art ⁵	Daugherty, Doug ⁵
Bagshaw, William 'Bill' ⁵	Bodnar, Monica	Carstairs, Cindy ⁵	Dauphinais, David ⁵
Baier, Julia 'Julie'	Bohn, Judy	Carstairs, Gail	David, Catherine
Bailey, John 'Jack' ⁵	Boivin, Gilles	Carstairs, Kimberly 'Kim'	David, Robert
Baird, Douglas	Boivin, Rolande	Carter, Richard 'Rick' ⁵	David, Robert 'Kevin'
Baird, Nancy	Bolivar, Timothy	Caterina, Antonio 'Tony'	Davies, Kenneth 'Ken' ⁵
Bakke, Jodi ⁵	Boston, Tim ⁵	Cavanagh, Terrence 'Terry' ⁵	Davies, Trevor ⁵
Bakker, Pamela 'Pam' ⁵	Bouma, Gerben 'Jerry' ⁵	Chapman, John	Davis, Shannon
Bakker, Harvey	Bouma, Carrah	Chau, Germaine	Davison, Linda ⁵
Ball, T. Raymond 'Ray' ⁵	Boyce, Jessica	Cherneskey, Russell ⁵	de Champlain, Patricia
Ball, Victoria 'Vicki'	Boyce, Linda	Cherney, Dan ⁵	de Champlain, Remi
Bannard, Bruce ⁵	Boyce, Samantha 'Sam'	Chesterman, Ella	de Leon, Leticia
Baquirín, Filipina	Bramwell, Lauren	Cholak, Francis 'Frank' ⁵	de Rappard, George ⁵
Barnhouse, Donald 'Don'	Brandon, Kathleen 'Kat'	Chomiak, John ⁵	Dean, Maureen ⁵
Barrie, Ronald 'Ron'	Brandson, Dianne	Chopp, Doreen	Dean, William 'Bill'
Barszczewski, Deborah 'Deb'	Brechin, Beverley 'Bev'	Choquette, Suzanne	Debolt, Deborah

Dechaine, Alfred 'Fred'
 Deeks, Gordon ⁵
 Dembinski, Kristina
 Demers-Collins, Simone
 deMilliano, Emile ⁵
 Denney, Janice
 Denney, Norman 'Norm'
 Derewynka, Annie 'Ann'
 Desmarais, Goota
 Devanthey, Stella
 Dewes, Barry
 Dewes, Doreen
 Differenz, Valerie ⁵
 Differenz, Virginia ⁵
 Dion, Gisele
 Dixon, Barbara 'Barb' ⁵
 Dixon, Robert
 Dobush, Kenneth
 Dodds, Jamieson 'Jamie'
 Donais, Melody
 Dong, JuFang 'Annie'
 Doolittle, Douglas ⁵
 Doran, Jillian 'Jill'
 Dove, Frank
 Downey, Brenda
 Drouin, Jenny
 Dubois, Louise
 Dubois, Richard 'Rick'
 Duckett, Ruth
 Duff, Donald 'Don' ⁵
 Duggan, Neil ⁵
 Dunford, Brandi
 Dunford, Darren
 Dunford, Leslie
 Dunham, Jacqueline
 Dunk, Elton ⁵
 Dunn, Marlene
 Dunnigan, Patrick
 Elder, Leah
 Elliott, Margaret 'Marg' ⁵
 Elzinga, Peter ⁵
 Emerson, Elaine
 Emerson, Leroy
 Emerson, Robin
 Emery, Dwayne
 Erker, Dennis ⁵
 Ethier, Romeo
 Evans, Sharon
 Ewanchuk, Marie
 Ewanchuk, Nick
 Falkenberg, Aaron ⁵
 Falls, Diane
 Farnell, Thomas 'Tom' ⁵
 Fedoretz, Steve ⁵
 Fedoretz, Olga
 Fedoruk, Donna
 Fedynak, Georgia
 Fedynak, John
 Fedynak, Wayne
 Fehlauer, Alfred 'Fred' ⁵
 Fenske, Jacqueline 'Jacquie' ⁵
 Fenske, Dannielle 'D. J.'
 Fenton, Gail
 Fenton, Loren
 Ferguson, Bradley 'Brad' ⁵
 Ferguson, Neville
 Fernandes, Maurice
 Ferretti, Dena
 Fetter, Jacqueline 'Jackie' ⁵
 Field, Carolyn
 Fischer, Robert 'Butch' ⁵
 Fisk, Jennifer ⁵
 Flamarique, Virginia
 Forbes, Norman 'Muggsy' ⁵
 Forbes, Lois
 Fouillard, Daniel
 Fox, Ashley
 Fox, Justin
 Francetic, Michael
 Francis, John 'Jack' ⁵
 Frank, Marguerite 'Max'
 Franke, Herta
 Fraser, Gabriela 'Gabe'
 Fraser, Laura Lee
 Frederick, Bonnie
 Freeland, Donald ⁵
 Friesen, Dwayne ⁵
 Fritz, Felix
 Fritz, Francesca
 Fritz, Ingeborg 'Hanni'
 Fritz, Stefan
 Froese, Aron ⁵
 Fuhr, Gordon ⁵
 Fuhr, Grace
 Funk, Richard 'Rick'
 Funnell, Ronald ⁵
 Gabert, Matilda
 Gabert, Sharon
 Gabert, Valentina
 Gable, Suzan
 Gadowsky, Laura ⁵
 Gadowsky, Alisdair 'Al'
 Galbraith, Salome 'Sally'
 Galliford, Shirley
 Gallotti, Tomaso 'Tom'
 Galloway, James 'Jim'
 Gamble, Tara
 Gamroth, Denise
 Gamroth, Ernie
 Garbutt, Timothy 'Tim'
 Garvey, Randell 'Randy'
 Gibbon, Robert 'Bob' ⁵
 Gibbon, Carole
 Gibbons, Edward 'Ed'
 Gibson, Maryanne
 Gillespie, James 'Jim' ⁵
 Gillespie, Reginald 'Reg'
 Gilroy, Stuart 'Gord' ⁵
 Gisler, Merna
 Goggin, Stephen 'Steve'
 Gorda, Arthur
 Gordeyko, Bernice ⁵
 Gouchey, Rebecca
 Gough, Nelda
 Graham, Stephen 'Steve' ⁵
 Graham, Karen
 Graham, Keith
 Grainger, Donald
 Grainger, Elizabeth 'Marg'
 Gray, Devin
 Green, Francis
 Green, Susan
 Greenough, James 'Greg' ⁵
 Greer, John ⁵
 Gregg, Dorothy ⁵
 Greig, Beverly
 Groleau, Shirley
 Grotkowski, Lawrence 'Larry'
 Grundau, Rita
 Gunraj-Daodat, Deborah
 Guthrie, Alyssa
 Haddock, Richard 'Rick'
 Hall, John 'Brian'
 Hall, Susan
 Hamilton, Donald ⁵
 Hannah, Eileen
 Hanson, Arnold
 Harding, Barbara
 Harris, Shirley
 Harrison, Connie
 Hartfelder, Walter 'Wally'
 Haudenschild, June
 Haudenschild, Robert 'Bob'
 Haugen, Frances 'Betty' ⁵
 Hay, Glenn
 Hayes, Louise ⁵
 Hayter, Ronald 'Ron'
 Henderson, Michelle
 Hennig, Rita ⁵
 Hennig, Calvin 'Cal'
 Henning, W. 'Bill' ⁵
 Herfindahl, Carolynne
 Herfindahl, Kenneth 'Ken'
 Herzog, Karen
 Hicks, Tricia
 Higgins, Joan ⁵
 High, Daniel
 Hiller, Elaine ⁵
 Hilts, Darlene
 Hipkin, Darren
 Hjesvold, Randy ⁵
 Hoffman, Dolores
 Hogle, Bruce ⁵
 Hole, Harry ⁵
 Hollands, Daniel 'Dan' ⁵
 Holmes, John
 Holte, Warren ⁵
 Hood, Kathleen
 Hoover, Azucena 'Bebe'
 House, Renee
 Howell, Lorne ⁵
 Howell, Myrna
 Howrsh, Joan
 Huculak, Mike
 Hughes, George ⁵
 Huising, Katherine
 Hume, Robert
 Hunt, William 'Don' ⁵
 Huntley, Andrew 'Andy' ⁵
 Huntley, Jennifer
 Huntley, Susan 'Sue'
 Hurst, Archie
 Hussaini, Jahangir
 Hutchings, Charles 'Chuck'
 Hutchinson, Robert 'Rob'
 Hutchison, Keltie
 Inverarity, Crystal
 Inverarity, Derek
 Ivankovich, Ivan ⁵
 Jackson, Donald 'Don' ⁵
 Jacobs, Judith 'Judy' ⁵
 Jacobs, Lawrence ⁵
 James, Kerry
 Janiten, Heather
 Jansen, John
 Jarvis, William ⁵
 Jarvis, James
 Jefferson, Gary
 Jefferson, Morgan
 Jer, Howard
 Jer, Kathy Lynn
 Jewell, Ryan ⁵
 Jewett, J. 'Hilary' ⁵
 Johanson-Benoit, Jill
 Johnston, Anita
 Jones, Elaine ⁵
 Jones, Angela
 Jones, Bryn
 Jones, Shirley
 Kadatz, Barbara 'Barb' ⁵
 Kaminesky, Lillian 'Lil'
 Kaminski, Wesley 'Wes'
 Kapoor, Jean ⁵
 Karbonik, Carol
 Karbonik, George
 Kashuba, Scott ⁵
 Kay, Donald
 Kearn, Sharon
 Kehl, Walter
 Kelker, Henriette
 Kellett, Dave
 Kelly, Beverley 'Bev'
 Keltie, Robert 'Bruce'
 Kennedy, Darlene
 Kennedy, Steven
 Kenyon, Annita
 Kerr, William 'Bill'
 Kerr, Yvonne 'Irene'
 Kettner, Minda 'Mindy'
 Kinash, Victoria 'Vikki'
 King, Samantha ⁵
 Kingston, Harold ⁵
 Kisilevich, Lillian 'Betty'
 Kisilevich, Orest
 Kiss, Jim ⁵
 Kittlitz, Marilyn
 Kiviaq
 Klapstein, Earl ⁵
 Klein, Darren
 Kmech, Sr., Peter ⁵
 Knight, Cherie
 Kobie, Franklin 'Frank' ⁵
 Koe-Schnell, Jacqueline
 Kokotilo, Louise
 Kolewaski, Jeannette
 Kolmas, Janice
 Kolmas, June
 Kolstad, Clayton
 Kootenay, Jamie
 Kootenay, Janice
 Korchinsky, Ernie ⁵
 Koz, Emily
 Kotelko, Peter 'Bern' ⁵
 Kovach, Ingrid
 Kowalczyk, Brandon
 Krause, Daryl
 Krause, Shirley
 Krupp, Judith
 Krushell, Kim
 Kuhn, Dianne ⁵
 Kuhn, Ronald ⁵
 Kuhn, Joanne

Kuhn, Rhonda
 Kumpula, Bryan
 Kumpula, Bryanna
 Kumpula, Craig
 Kurash, Shey
 Kyle, Sandra 'Sandy'
 LaFleche, A. Bryan⁵
 Laliberte, Mary
 Lalonde, Audrey
 Lang, Judy
 Langley, Victor 'Larry'⁵
 Larson, John
 Laskey, Nancy
 Lastiwka, Alexandra 'Sandra'
 Lastiwka, Michael 'Mike'
 Latour, Frank
 Lauderdale, Edward 'Ted'
 Lauderdale, Karin
 Lavold, HLM, Glen⁵
 Leady, Jennifer 'Jen'
 Leady, Roy
 Leavitt, Sylvan 'Ray'⁵
 Lebeuf, Maxwell
 Lee, Aaron
 Lee, Nancy
 Leicht, Betty
 LeLacheur, Rick⁵
 Leschiutta, Dale⁵
 Lesoway, Clayton 'Clay'
 Letendre, Elizabeth 'Liz'
 Letendre, Helene
 Lewis, John 'Ken'⁵
 Lewis, Irene 'Maria'
 Lewis, Janet
 Lightning, Herbert 'Brian'
 Lindberg, Michelle
 Linder, Kathleen 'Kandie'
 Linklater, Frances 'Fran'
 Lipon, Delores
 Lipon, William 'Bill'
 Lipsett, Thomas 'Tom'⁵
 Lipsett, Wayne⁵
 Littmann, Lynda
 Liu, Yan 'Laura'
 Livingstone, Sidney 'Sid'
 Lonsdale, Verna
 Lore, Sally⁵
 Loree, Betty⁵
 Louis, Peggy⁵
 Lovig, Frieda
 Lovig, Grant
 Lowey, Bruce
 Lucas, Daneve 'Danny'
 Luchak, Alexander 'Alex'
 Luchak, Clara 'Sue'
 Lukanuk, Olga
 Lunt, Theresa
 Luoma, Hilka
 Lupul, Allen
 Lupul, Juliette 'Julie'
 Ly, Diana
 Lyster, Patric
 MacBeth, Roderick (Rod)
 MacDonald, George⁵
 MacDonald, Dane
 Mack, William 'Bill'⁵
 MacKenzie, Cheryl
 MacKinnon, Annette
 MacKinnon, Daniel 'Dan'
 MacLean, James 'Jamie'⁵
 MacPherson, Irma⁵
 MacPherson, Neil
 MacPherson, Sharon
 Mader, Jillian
 Magee, Sarah
 Magosse, Doris
 Mah, Robin⁵
 Majeau, Victor
 Majeski, David⁵
 Mandryk, Ruby
 Marcinkoski, Jennifer 'Jen'
 Marko, Ronald 'Ron'
 Marler, Reg⁵
 Marples, Kelly⁵
 Marples, Michael 'Mike'⁵
 Marshall, Dorothy
 Marshall, Olive
 Marshall, Robert 'Bob'
 Martin, Patricia 'Pat'
 Martinuk, Eugene 'Gene'⁵
 Martyn, Audrey⁵
 Martyn, John⁵
 Maschmeyer, Douglas 'Doug'⁵
 Maschmeyer, Evelyn 'Lloy'⁵
 Maschmeyer, Gerald⁵
 Maschmeyer, Sandra 'Sandi'
 Masters, Barbara
 Matejka, Brittany
 Matchuk, Andrew 'Andy'⁵
 Maybroda, Katherine
 McBain, Allan 'Ross'⁵
 McBain, Neil⁵
 McBain, Mark
 McBurney, Derek
 McCarron, Mary
 McCarten, Colin⁵
 McCasin, Frank
 McClellan, HLM, Shirley
 McClelland, Ian
 McDonald, Barry⁵
 McDonald, John
 McDonell, John⁵
 McDougall, John⁵
 McEwen, Rosemary
 McGhan, Bruce⁵
 McGhan, Marilyn
 McGuinness, Elizabeth 'Liz'
 McKennitt, Hazel
 MacKinnon, Courtney
 MacKinnon, Malvena
 McLaughlin, Diane
 McMillan, Joan
 McPhee, Andrew
 Meakin, Anna⁵
 Mears, Deborah
 Melnychuk, Janice
 Melnychuk, Patricia 'Pat'
 Mercer, Arthur 'Art'
 Meroniuk, Lorraine
 Middelkamp, Jacob
 Mildon, Edward 'Lloyd'⁵
 Miles, Marianne⁵
 Miller, Gladys⁵
 Miller, Janice 'Jan'
 Miller, Wilfred 'Walter'
 Milligan, John
 Milliken, Norman
 Mireau, Jacki
 Misura, Joseph 'Joe'
 Mitchell, Johanna
 Mitchell, Jones
 Mittelstadt, Lovella
 Modin, Nelson⁵
 Moffatt, Sharon
 Mohler, Harold 'Frank'
 Mohler, Mildred 'Lee'
 Money, Glenda
 Monk, M. Lloyd⁵
 Montgomery, Douglas⁵
 Moser, Charles 'Chuck'
 Mosher, Kimberly
 Mulcair, John
 Murphy, Debra
 Murray, Nicole
 Myhre, Oscar 'Oz'
 Nelson, Shirley⁵
 Nelson, Allyn
 Nelson, Rita
 Nelson, Sherry
 New, Nicole
 Newhart, Michael 'David'
 Newman, Clarence⁵
 Nichols, Roxanne
 Nickel, Barbara
 Nickel, Harry
 Nickel, Michael 'Mike'
 Nicoli, Marlene
 Nicoll, William 'Dave'⁵
 Nonay, David
 Nonay, Wanda
 Norby, Reginald 'Reg'⁵
 Normand, Louis 'Lou'
 Northey, Kelly
 Nott, Kenneth 'Ken'
 Nott, Nicole
 Nowicki, Judith
 Nowicki, Walter
 Nysetvold, Trevor
 Oberik, Doreen
 Ohe, Mark⁵
 Olsen, Lawrence 'Buck'⁵
 Osborne, John⁵
 Ostermayer, Amy
 Ottewell, Lorne⁵
 Otway, Andrew
 Otway, Emily
 Otway, Meeka
 Owen, William 'Bill'⁵
 Owen, David 'Dave'
 Owen, Marion
 Ozipko, Cassie
 Ozubko, Betty
 Packford, Guy⁵
 Page, Gail⁵
 Page, John 'Roger'
 Pageé, Bernice
 Pageé, Rene
 Paintedstone, Annette
 Paintedstone, Christine
 Paintedstone, Noreen
 Paisley, Loretta 'Lorry'
 Palahniuk, Patricia 'Pat'
 Palamarchuk, Nicholas 'Nick'
 Panchyshyn, Derek
 Papworth, Sarah
 Park, Diana
 Parker, Deanna 'Dianne'
 Parsons, Alan⁵
 Patriquin, Gordon⁵
 Paul, Larry⁵
 Paul, William 'Bill'
 Paull, Helen⁵
 Pawelek, Rooth⁵
 Paylor, John
 Payne, Karen
 Pearse, Brian⁵
 Pearse, John 'Jack'⁵
 Pearse, Dorene
 Pearson, Duncan
 Peden, Ian
 Pedersen, George⁵
 Pedersen, Harry⁵
 Pederson, Dwayne
 Peeters, Laurel
 Pennock, D. 'Bruce'⁵
 Perry, Burke⁵
 Peters, Marlene⁵
 Peters, John
 Peterson, Mary Ann
 Petherbridge, Leona
 Petkau, Brian
 Petrushik, Stephanie
 Petruk, Cheryl
 Phillips, Karen
 Phillips, Wendy
 Pierce, Colleen
 Pietsch, Edwin 'Ed'
 Pietsch, Leona
 Pirtle, Arla
 Plaizier, Peter 'Pete'⁵
 Playdon, Katherine 'Kathy'⁵
 Plunkie, Irene
 Pointe, Gregory 'Greg'
 Pollock, Sheila
 Poon, Cathy
 Pope, Shaun
 Posthuma, John
 Posthuma, Marie 'Elaine'
 Potyok, Robert 'Bob'
 Powers, Joan
 Prefontaine, Colleen
 Prefontaine, Jordan
 Presthing Sr., William 'Bill'⁵
 Prestage, Robert 'Bob'⁵
 Price, Charlotte
 Price, James 'Jim'
 Proctor-Berkholtz, Ashley
 Prokopczak, Elizabeth 'Betty'
 Pugh, Gregory 'Greg'
 Pullishy, Paul 'Roger'
 Pullishy, Sonia
 Purdy, William 'Bill'⁵
 Purschke, Eileen
 Pysch, Diane
 Quaife, Sharon
 Quarrie, Kelson⁵
 Quilala, Bernard
 Ramsey, John⁵
 Rasmussen, Annie 'Anne'
 Ratcliff, Peter
 Rau, Iris
 Rault, Linda

Reaville, Audrey
 Reaville, Royal 'Roy'
 Rebryna, Kenneth 'Ken'
 Reid, Sandra 'Sandy'
 Reid, Shelley
 Reinhardt, Barry
 Rife, George ⁵
 Rigney, Reed ⁵
 Roadhouse, Katie 'Kay'
 Roberts, Annie
 Roberts, Mary 'Lynn'
 Robinson, Jeffrey 'Jeff' ⁵
 Robinson, Angele
 Robinson, Garrett
 Robinson, Marcel
 Robinson, Wilf
 Roeleveld, Valerie 'Val'
 Roeske, Murray ⁵
 Rogucki, Louise
 Rogucki, Terry
 Ronaldson, David 'Dave' ⁵
 Rookes, Dave
 Rookes, Gail
 Rookes, Trina
 Ross, James 'Jim' L.
 Rutherford, Jack ⁵
 Sampert, Raymond 'Ray' ⁵
 Sanders, Doris
 Sanderson, Melissa
 Sanderson, Shane
 Sarafinchan, O. 'Ollie'
 Savage, Frances 'Fran' ⁵
 Schmermund, Donnie 'Don'
 Schmermund, Lois
 Schmidt, Lois ⁵
 Schmidt, David
 Schneider, Wendy ⁵
 Schramm, Tanja
 Schroder, Liesa
 Schultz, Edward 'Ed' ⁵
 Schultz, Cheryl
 Schultz, Yolanda
 Schur, Alexandra 'Sandy'
 Sciur, QC, Gary ⁵
 Sebastianelli, Ricardo 'Rico' ⁵
 Sebastianelli, Colleen
 Sedgwick, Laura Ann
 Sedgwick, Timothy 'Tim'
 Segin, Margaret 'Marg'
 Segin, Sheri
 Seiersen, Christian 'Chris' ⁵
 Sellick, Linda
 Semotiuk, Nick ⁵
 Semotiuk, John
 Sept, Kevin
 Sept, Leanne
 Shanley, Catherine 'Cathy'
 Shaw, Karen
 Sheard, Glenda ⁵
 Shenfield, Allan ⁵
 Shenfield, Kevin ⁵
 Sherren, Julianna
 Sherren, Louis 'Lou'
 Shields, Nancy
 Shustov, Marlen
 Shustova, Iryna
 Sibbald, Bernard 'Bernie'
 Sibbald, Maryke 'Mary'

Sime, Carol ⁵
 Skelly, William 'Bill' ⁵
 Skippen, Annie
 Skoreyko, Alan ⁵
 Skoreyko, Dale ⁵
 Skoreyko-Borchert, Ronda
 Skripitsky, Rose 'Alice'
 Skrypnek, Dennis
 Skrypnek, Frances 'Fran'
 Sliwa, Elizabeth 'Liz' ⁵
 Smart, Else
 Smith, Corey ⁵
 Smith, Darryl ⁵
 Smith, Leigh ⁵
 Smith, Brandon
 Smith, David
 Smith, James 'Jim'
 Smith, Lesley
 Smith, MacKenzie
 Smith, Shelley
 Sneddon, Carl
 Sommer, Jason
 Sommer, Marie
 Southwood, Alan 'Dale'
 Spence, Gloria 'Judy'
 Spence, Philip
 Spence, Sandra 'Sandy'
 Sperber, Samantha
 Spiller, Thomas
 Sprague, Donald ⁵
 Sprague, Kenneth 'Ken' ⁵
 Spriggs, Carole
 St. Jean, Leanne
 Stadelman, James 'Jim'
 Stark, Doris
 Stark, Orville
 Stasiuk, Sonya
 Stevens, David
 Stevenson, Patricia 'Pat'
 Stewart, William 'Bill' ⁵
 Stinson, Lori
 Stoby, Jennifer 'Laura'
 Storrier, Kelly
 Storrier, Rosemarie 'Rose'
 Stroh, Joan
 Surbey, Brenda
 Sutherland, William 'Bill' ⁵
 Symic, Ronald 'Ron' ⁵
 Szoradi, Karin
 Szott, Benedict 'Ben'
 Szott, Patricia 'Pat'
 Szumlas, Frank 'John' ⁵
 Takacs, Piroksa 'P.J.'
 Tanton, Victoria 'Vicki'
 Taylor, Donald 'Don'
 Taylor, Joan
 Tchir, Jeanette 'Jayne'
 Telford, Gordon
 Telford, Joan
 Terry, Suzanne
 Tetreau, Joseph 'Joe'
 Thatcher, Kenneth ⁵
 Thom, Barbara
 Thomas, Warren ⁵
 Thomas, Marilyn
 Thut, Vivian
 Tiemer, Lori
 Tober, Glennis

Toma, Jackie
 Toronchuk, Greg
 Trefiak, Kurt
 Treloar, Michael 'Mike'
 Tsoukalas, Theresa 'Tree'
 Tupas, Numeriana 'Nelly'
 Turin, Mary
 Turko, Daniel ⁵
 Turko, Patricia 'Patti'
 Turner, Barbara ⁵
 Turner, Mary
 Twarog, Dennis
 Tweddle, John ⁵
 Tymchuk, Karen
 Tymchuk, Michelle
 Underschultz, Laura
 Van Brabant, Carlene
 Van de Walle, Walter ⁵
 Van Vliet, Daniel
 Vander Veen, Nolene
 VanderBurg, George
 Vandermeer, Cornelis 'Casey' ⁵
 Vandermeer, Gerrit 'Jerry' ⁵
 Vandermeer, Audrey
 VanRiper, John
 VanRiper, Sandra 'Sandy'
 Vegreville Agricultural Soc ⁵
 Verlinde, Patrick 'Pat'
 Victoor, Rene
 Violette, Louise
 Vollema, Shannon
 Von Zur Gathen, Teresita 'Chita'
 Wagner, Terri-Jo 'T.J.'
 Wagner, Tyson
 Wakefield, Gregory
 Walker, Robert 'Bob' ⁵
 Walker, Wayne ⁵
 Walker, T. J. 'Rod'
 Wards, Shona
 Warring, Molly Anne ⁵
 Warring, Doug
 Watt, J. Angus ⁵
 Webb, Micheal ⁵
 Webber, Garry ⁵
 Weber, Walter ⁵
 Weber, Justin
 Wedman, Cynthia 'Cindy'
 Weinberger, Dennis
 Weir, Howard ⁵
 Weir, Mahlon ⁵
 Weir, Eva
 Weishaar, Jimmy 'Jim'
 Weishaar, Loretta 'Lori'
 Weishaar, Leona 'Lee'
 Wengreniuk, Crystal
 Wengreniuk, Garrett
 Wengreniuk, Iris
 West, Lillian 'Lil' ⁵
 West, Elana
 West, Gerry
 West, Gordon
 West, James Tyler 'J.T.'
 West, Jason
 West, Terry 'T.J.'
 Westbury, Robert 'Bob' ⁵
 Westerner, Exposition Assoc ⁵
 Weston, Judith 'Judi' ⁵
 Whiting, Patricia 'Patty' ⁵

Whiting, Trent
 Wick, Donna
 Wickham, Douglas ⁵
 Wickham, Sharon
 Widney, Mark ⁵
 Wiladt, Elmer
 Wilkes, Gregory 'Greg' ⁵
 Wilkes, Penelope 'Penny' ⁵
 Wilkes, Annette
 Williams, Janice
 Williams, Kimberley 'Kim'
 Williams, William 'Bill'
 Williamson, Leocadia 'Leo'
 Wilson, C. Gordon ⁵
 Wilson, Melanie ⁵
 Windwick, Frederick 'Fred' ⁵
 Windwick, John ⁵
 Wirsta, Kevin
 Witham, Jill
 Wood, Jennifer ⁵
 Woodman, Bruce
 Wosar, Kristin
 Wrubleski, Jason
 Yacyshyn, Greg
 Yakimchuk, Margaret
 Yakimyshyn, Eugene 'Terry'
 Yankowsky, Julius ⁵
 Yaremko, Boris ⁵
 Yaremko, Teresa ⁵
 Yee, Kazue 'Kay'
 Yee, Tony
 Yewchuk, Luba 'Lil'
 Yim, Su Jin
 Youck, Robert 'Ted' ⁵
 Youck, Sophie 'Bernice'
 Young, QC, Eric ⁵
 Yu, Nancy
 Yuen, Gerald 'Gerry' ⁵
 Yurkiw, Laurence 'Larry' ⁵
 Zelenak, Michael 'Mike'
 Zelman, Hubert 'Aaron'
 Zerr, Philip
 Zhao, Jinting
 Zilinski, Theodore 'Fred' ⁵
 Zilinski, Judy
 Zimmerman, Carol
 Zuk, Rhonda
 Zwozdesky, Gene
 Zylstra, John ⁵
 Zylstra, Shirley

Members hold voting shares, which cannot receive any dividends nor appreciate in value. Shares cannot be held by persons south of Township 34, or in estates of deceased members.

⁵ Shareholder

^{*} Deceased

MANAGEMENT DISCUSSION & ANALYSIS

AUDITED FINANCIAL STATEMENTS

For the year ended December 31, 2008.

PREFACE

The financial review, which has been prepared to provide management's discussion and analysis of our financial condition and results of operations for the year ended December 31, 2008, should be read in conjunction with our audited consolidated financial statements and accompanying notes for the year ended December 31, 2008. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

The statements and information in this financial review regarding potential future circumstances and developments are qualified by the inherent risks and uncertainties involved and may, therefore, differ materially from our actual future experience. There is no expectation or obligation to update or revise any forward-looking sections as a result of new information, future events or other circumstances.

ABOUT OUR BUSINESS

Who we are

Driving the Edmonton region to growth and prosperity is what Northlands is all about. As a leader in business, entertainment and agriculture we generate \$355 million direct spending in our local economy. This economic impact is felt throughout the province as the programs and activities related to Northlands stimulate over \$1 billion in total economic impact. As a vibrant not-for-profit organization we are one of Edmonton's largest employers with 300 full-time, over 1800 part-time staff and 1000 volunteers. The directors of the Northlands board are unpaid elected volunteers and our shareholders, who are also volunteers, cannot receive dividends, nor can their shares appreciate in value. Together, we create unique economic opportunities for industry and are a catalyst for community development. We reinvest all of our earnings back into the community by providing a wide range of programs through several key community facilities including Rexall Place, the AgriCom and the Spectrum Racing Entertainment Centre. Our organization is framed around the following operating areas:

Northlands Major Events

Major Events is dedicated to planning, managing and producing all aspects of Edmonton's largest annual events: Capital EX, the Rexall Edmonton Indy and the Canadian Finals Rodeo. Major Events leverages strong partnerships between external service providers, exhibitors, food services and internal implementation teams to create the kind of events our community has come to expect from Northlands. Our best in class customer service programs ensure we deliver exceptional experiences to our visitors during Northlands signature events.

Agriculture

Through our Agriculture business unit we deliver programs and events that satisfy the demands and expectations of our agriculture and food sector stakeholders, generate a reasonable return on investment and build on our core competencies in event hosting and production. Northlands is a key partner for growth of the agriculture and food industry in Alberta.

Racing & Gaming

Racing and Gaming delivers an entertainment experience through pari-mutuel wagering via live and simulcast horse racing at Northlands Park and more than 40 off-track betting sites throughout Alberta. Racing products, provided through a license granted by Horse Racing Alberta, are augmented by 638 slot and gaming machines as well as a full selection of food service and restaurant options. Gaming products are contingent on the horse racing operation and are regulated under a Racing Entertainment Centre license from the Alberta Gaming and Liquor Commission.

Facility Sales & Client Services

Facility Sales and Client Services is responsible for developing strategies and plans to optimize utilization of Northlands facilities for client-produced events such as consumer and commercial trade shows, concerts, family events, sporting events, catered events and assemblies.

Revenues by Operating Area



Business strategy and values

Our vision is to deliver exceptional experiences. We aim to be a leader in providing world-class entertainment, community service, business development and agricultural programming in Edmonton and north-central Alberta. To achieve our vision and create the long-term success and sustainability of Northlands, we are focused on five key strategic priorities:

1. Building Northlands as a world-class entertainment and event company. We must continue to build our capacity as an entertainment and event leader by producing fresh, innovative and relevant entertainment offerings in all of our programming. We must ensure that we continue to develop our leadership and management practices by attracting, marketing and producing high quality events while delivering exceptional entertainment experiences.
2. Northlands as a destination. We must continue to move forward with the development of a facilities vision that establishes Northlands as entertainment central by creating an exciting and compelling offering that integrates the arena, trade show facilities and other entertainment venues.

3. Racing and Gaming. We must re-establish racing and gaming as a financially sustainable enterprise and a major platform for the overall Northlands entertainment offering.
4. Community and Government Relations. We must continue to build upon the progress that has been achieved in increasing awareness of Northlands, its mandate and role in Edmonton with our key government, business, and community stakeholders.
5. Recruiting volunteers and shareholders. We must revitalize and refresh our volunteer and shareholder base. The strength of Northlands is highly dependent upon our ability to recruit and engage an enthusiastic volunteer base.

Officers and Senior Management



Jerry Bouma, Chair

Volunteer since 1993 | Member since 1995 | Director since 1999

Jerry Bouma is a partner of Toma and Bouma Management Consultants, which specializes in the provision of strategic and business planning services to the agri-food industry. Mr. Bouma currently serves as board chair, and is Chair of the Executive Committee and the Nominating Committee and is a member of the Finance and Audit Committee and Facilities Planning and Development Committee. He has chaired a number of committees including Racing and Gaming, Nominations, Shares, Volunteer Coordinating and was a member of the Agriculture Strategic Planning Committee. He is a member of the Canadian Agri-Marketing Association and the Alberta Food Processors Association.



Andrew Huntley, First Vice-Chair

Volunteer since 1972 | Member since 2002 | Director since 2002

Andrew Huntley is an investment portfolio manager specializing in commercial real estate. He currently serves as First Vice-Chair of the Board, serves on the Executive Committee and Finance and Audit Committee. Mr. Huntley is active in his community and has served as a board member for the Capital Health Authority, a trustee for the University of Alberta Hospital Foundation and was a founding director of the Real Estate Council of Alberta.



John Windwick, Second Vice-Chair

Volunteer since 1997 | Member since 1997 | Director since 2000

John Windwick is the Vice President of Marketing at ATB Financial. He serves on Northlands Executive Committee, Finance and Audit Committee and chairs the Public Relations and Volunteer Coordinating Committees. He is active in the community and has volunteered for numerous charities and organizations: Mr. Windwick is in his third year as the Commissioner for Canadian Finals Rodeo (Governing Body of the CFR), 65 Roses Sports Committee (Cystic Fibrosis), Kinsmen Club of Edmonton, Lambda Chi Alpha Fraternity, World Masters Games, Alberta Lung Association, and was the Chair of the TELUS Edmonton Open for 9 years.



Ken Knowles
President



Mark Bamford
Vice-President, Finance,
Chief Financial Officer,
and Corporate
Secretary & Treasurer



Rey Wosar
Vice-President,
Facilities and
Infrastructure



Opal Blackstock
Vice-President,
Program Development



Les Butler
Vice-President,
Gaming



Trish Macdonald
Vice-President,
Business and
Community
Development

Total annual revenues

Total annual revenues for 2008 were \$139 million, a 5.3 per cent decrease over 2007.

	2008 (\$'000s)	2007 (\$'000s)	2006 (\$'000s)
Northlands Major Events	16,699	17,819	16,724
Agriculture	3,634	2,332	2,490
Racing & Gaming	76,972	76,634	81,574
Facility Sales & Client Services	42,148	50,411	36,327
	139,453	147,196	137,115

Changes in revenues from the previous year's results:

- Northlands Major Events - \$1.1 million lower due to decreased per capita spending at Capital EX.
- Agriculture - \$1.3 million higher due to Chuckwagons moving from Major Events to Agriculture and the ownership of the Farm and Ranch Show.
- Facility Sales and Client Services - \$8.3 million lower due to no World Curling Championships revenue (this was a one-time event), and in 2007 there was a one-time grant for the Edmonton Investors Group assigned to Northlands from the Government of Alberta that was paid to the Edmonton Oilers.

Operating Costs

Operating costs as a percentage of revenue in 2008 were 87.7%, compared to 86.7% in 2007.

	2008	2007	2006
Northlands Major Events	78%	74%	79%
Agriculture	101%	108%	95%
Racing & Gaming	98%	98%	89%
Facility Sales & Client Services	70%	73%	76%

Event contributions before grants, interest and depreciation

Event contributions before grants, interest and depreciation decreased by \$2.8 million to \$1.4 million primarily due to the lower than expected 2008 results in Major Events and Racing and Gaming.

	2008 (\$'000s)	2007 (\$'000s)	2006 (\$'000s)
Northlands Major Events	1,915	2,785	1,892
Agriculture	(644)	(664)	(415)
Racing & Gaming	(4,681)	(3,850)	(2,811)
Facility Sales & Client Services	4,809	5,912	2,745
	1,399	4,183	1,411

Net earnings by business area

2008 net earnings at Northlands decreased by \$4.2 million as a result of a decrease in Major Events' performance, a budgeted decreased contribution from Rexall Place and increased operating costs.

	Net Increase (Decrease) (\$'000s)	Net Earnings (Loss) (\$'000s)
Northlands Major Events	(867)	1,758
Agriculture	(86)	(829)
Racing & Gaming	1,297	1,044
Facility Sales & Client Services	(1,115)	5,767
Other	(3,476)	(7,174)

Total assets and long-term financial liabilities

At year end our working capital deficit (the excess of current liabilities over current assets) was \$26.6 million as compared to a working capital surplus of \$31.2 million in 2007 and long-term debt decreased by \$138 thousand. Net assets increased by \$566 thousand to \$37.8 million and capital expenditures increased by \$37.1 million to \$64.8 million primarily due to our facility expansion, Project Evolution.09.

	2008 (\$'000s)	2007 (\$'000s)	2006 (\$'000s)
Working capital surplus/(deficiency)	(26,624)	31,160	32,076
Long term debt (non-current)	2,266	2,404	2,537
Net assets	37,785	37,219	32,407
Capital expenditures	64,831	27,701	9,612

Detailed operating results

Net earnings (loss)

	2008 (\$'000s)	2007 (\$'000s)	2006 (\$'000s)
Northlands Major Events	1,758	2,625	1,858
Agriculture	(829)	(743)	(437)
Racing & Gaming	1,044	(253)	1,147
Facility Sales & Client Services	5,767	6,882	3,908
Other	(7,174)	(3,698)	(3,133)
	566	4,813	3,343

NORTHLANDS BUSINESS AREAS

Northlands Major Events – Capital EX

Capital EX performed within the 10-year attendance average in 2008, however, it did not attract the attendance or contribution that was anticipated. In 2008, 743,374 visitors attended and overall contribution figures were similar to years past (attendance in 2007 reached 772,692 visitors). Despite our success in delivering a crowd-pleasing festival in 2008, which included growth in several key areas, net earnings were \$1.3 million below business plan projections, namely as a result of lower than anticipated Super Pak sales for our lotteries. We recognize that construction may be negatively impacting

attendance to a degree, yet we also believe there is room to adjust our programming so that it is more relevant and aligned with the entertainment priorities of our target audiences. We continue to research and develop the unique product offerings that will make Capital EX a must-attend summer event in Edmonton.

Although overall attendance for Capital EX was marginally below 2007 attendance totals, many programming areas saw significant growth. Cirque Mechanics Birdhouse Factory and the Spirit of the Butterfly exhibit were crowd pleasers and the expanded attractions in Family Fun Town and Sip! (the food and wine experience) drew strong crowds. The increasingly popular Family Fun Town provides the best family areas to be found in fairgrounds across North America and attracted record numbers with over 1,800 children enjoying this area in a single day. In its second year, Sip! achieved a similar record with 18,500 guests sampling the culinary delights from one of Edmonton's leading food and wine attractions.

ED Fest was another success in our 10-day festival, with this event attracting large crowds night after night with bands like Sam Roberts and Metric. In 2009 we will once again work with the multi-genre theme that is increasing the success of this free nightly summer concert series.

Northlands Major Events – The Rexall Edmonton Indy

We launched a major new event with the introduction of the Rexall Edmonton Indy. Prior to 2008 this event was presented under the Champ Car World Series banner, and this world-class event is now sanctioned by the Indy Racing League. In 2008 we were able to capitalize on the popularity of the IndyCar Series brand and profile by adding this event to an already busy summer calendar. In 2008, Edmonton was the lone Canadian stop on the Indy Car Series racing schedule of 17 international races. This exclusivity within the Canadian market provided a unique opportunity to profile Edmonton through significant international broadcast reach, while contributing significant impact to our local economy.

In 2008, the economic impact of the Rexall Edmonton Indy was \$80 million in the Edmonton region while profiling Edmonton abroad to over 358 million homes across 184 countries and territories worldwide. No other Edmonton-based event has the potential to generate the same level of international profile for the city. While this can be considered a huge success, the transformation in taking this event from a Champ Car to Indy did not come without its challenges.

For 2008, Northlands incurred a \$5.3 million operating deficit for the event. The City of Edmonton has committed to financially backstop the Indy for three years (2008-2010) and offset any losses from the race or share in any profits. The 2008 financial performance is the result of the delayed signing of our agreement with the Indy Racing League. Ticket sales for an event like this are a year-round process yet we had a selling window of just over eight weeks. Due to a scheduling conflict with another race in the US, we supported a race schedule that included a Thursday, Friday and Saturday event. The unusual schedule, combined with a short ticket selling window, clearly affected our gate receipts and resulted in lower than anticipated food and beverage sales.

With a greater understanding of expenditures and better working knowledge of the event, we have revised financial projections for 2009 and 2010. We are working to secure more favorable sponsorship agreements to reduce losses and overhead costs, we will stabilize Indy's operations with greater budgetary controls in conjunction with enhanced city-wide marketing initiatives to promote the Rexall Edmonton Indy alongside Capital EX.

Northlands Major Events – Canadian Finals Rodeo

Each year the CFR team produces new attractions and identifies further operating efficiencies to maximize this event's financial results. This focus on continual improvement has once again paid off. The Canadian Finals Rodeo surpassed budget expectations by \$264 thousand and continued to see strong attendance, with Saturday night's show reaching the highest attendance we have seen since 2000. This year's performance can be attributed to savings on the expense side, increased ticket revenue as a result of a new approach to ticket sales that started in 2007, and strategic sponsorship agreements.

2008 was another building year for CFR as we continued to introduce new events like Red Friday, as a celebration of our Canadian Military, and tested new programming and hosting elements as we prepare to increase the number of events associated with the CFR in our expanded trade show facility. This year we continued to push the concept of adrenaline sport, while trialing corporate hosting events that took guests behind the chutes. Thanks to the completion of Phase 1 of Project Evolution.09, we also moved Dodge City into the new Hall E. This was the first show Northlands produced in the new building and it gave us some strong insight into directing traffic and how to best manage programming changes for 2009. We continue to review whether Dodge City will be a five or 10-day show, and are working with our exhibitors to determine how to make Dodge City as successful as possible as it relates to both the CFR and Farmfair International.

Having the opportunity to trial new elements and formats for these events puts us in a solid position to add incremental programming to engage CFR fans and our corporate audience in a new way in 2010.

Agriculture

The Alberta agriculture industry is challenged to sustain itself in these uncertain times and Northlands is not immune to the impacts of this sector. We anticipated 2008 would be a year of investment in our Agriculture business unit as we built and produced new programming elements to attract sustained attendance levels and provide this industry with enhanced marketing opportunities. That said, the business unit performed below business plan projections by \$645 thousand, resulting in a net loss of \$829 thousand. We remain committed, however, to the strategy we introduced in 2007, and will continue to focus programming around the four pillars that are fundamental to our long-term success: Food and Value-Added, Cattle, Technology and the Environment, and Equine. To take this a step further, we will consolidate all programming into two windows of time, putting a focus on spring and fall formats to maximize operating efficiencies and create richer opportunities and convenience for our guests.

This year, we delivered the 42nd edition of the Northlands Farm and Ranch Show to support our Technology and Environment pillar. Producing this show provides us with an opportunity to profile technological advances in agriculture.

Farmfair International, which attracted 90,000 visitors in 2007, saw 83,000 attend in 2008. This reduction can partially be attributed to market resistance to the introduction of a \$5 admission fee. As attendance is critical to our success, we will make some adjustments to this show in 2009. We are currently reviewing aspects of Farmfair with a view of extending additional equine programming. In 2008, Northlands secured the World Professional Chuckwagon Championships and moved the event outside of Capital EX. Though tarp sale revenue was lower than budgeted as a result of changing corporate support across the WPCA circuit, this event provides great entertainment as it is the top prize money stop on the 12-city circuit.

While we can best characterize 2008 as a year of doing things differently in Agriculture, we had two great successes that should be noted. The first, the partnership we entered into with Canada's top agricultural shows in 2007, The Royal Winter Fair, Canadian Western Agribition and Farmfair continues to keep us in a strong position to co-promote the Canadian Beef industry internationally. The second highlight was AMAZE-ing Agriculture, our interactive learning show designed around the school curriculum. This show continues to out-perform our expectations. In 2008, we hosted 2,700 children and see this as an opportunity for further growth in 2009 when we will extend AMAZE-ing Agriculture into the weekend and open the event up to the public for a nominal entrance fee of \$5 per family.

Racing & Gaming

In 2008, the Racing and Gaming business unit had a strong year providing guests at Northlands Park with experiences that could not be found anywhere else in Canada. This year Northlands Park hosted 160 race days, 1.5 million guests (up from 1.4 million in 2007), and paid out purses valued at \$18.9 million (down from \$19.8 million in 2007). Our total track handle reached \$101.5 million, a 7 per cent increase over last year. Despite solid results, Northlands Park performed slightly below budget expectations.

We continue to see significant operational benefits as a result of our transition from coin to TITO (Ticket-in, Ticket Out) slot machines. Even though our total Slot Net Win was down by 3.7 per cent our Net Contribution exceeded business plan projections by 13.6 per cent as a direct result of our leaner, more efficient operations. We attribute the drop in Net Win to two main factors, the first being the economic impacts realized within the 4th quarter of 2008 and the second being a diluted 'player market' as a result of the abundance of gaming offerings within the Edmonton marketplace (i.e. competing casinos, VLTs, bingos, etc.). To remain competitive we will focus our efforts on promoting the attributes that make us unique: our Player Rewards Program (the 'Player's Club') and our customer service standards.

Facility Sales & Client Services

Facility Sales and Client Services had a stellar year, once again surpassing expectations for 2008 and bringing a great spectrum of entertainment to Edmonton. A record number of concerts in Rexall Place (47) and a diverse line-up of family shows and sporting events helped this area exceed business plan projections by \$1.0 million. Here are the 2008 highlights for Rexall Place:

Three professional teams used the facility: The Edmonton Oilers, The Edmonton Oil Kings and Edmonton Rush.

We hosted over 100 non-hockey events:

- Four of the five biggest Rexall events ever were held in 2008 with Metallica, Tom Petty, CrueFest and the NBA Raptors Game breaking previous records for single day net contributions;
- Musical highlights spanned all genres and included: Elton John, Bob Dylan, Neil Diamond, Tom Petty, Celine Dion, Iron Maiden, Foo Fighters, Reba McEntire, Kelly Clarkson, Carrie Underwood, Brooks & Dunn, Alan Jackson, Kenny Rogers, Kanye West and Michael Bublé;
- We hosted King of the Cage and Professional Bull Riding during Capital EX and Free Style Motocross for the first time; and
- Families enjoyed Sesame Street and Thomas the Tank Engine.

The event delivery side of our business also performed exceptionally in 2008, ending the year at \$798 thousand above budget for net contribution. This, in part, can be attributed to the introduction of four new shows: Inkfest, Landscapers Expo, Snow Check Factory Connection and the Bridal Conference. All of these shows have booked Northlands for 2009. Other factors contributing to our success included:

- The expansion of The Home and Garden Show into Hall D (where we focused on sustainable living features);
- We opened Hall E with The Ski and Snowboard Show enabling the event to achieve record attendance; and
- We hosted 16 graduation banquets, the Alberta Treasury Branch's Associates Dinner and celebrated our first catered event in Hall E with 700 happy guests attending the Edmonton and District Soccer Association Fall Banquet.

Marketing & Communications

Brand building continued as a strong focus for us in 2008, both for our signature events, and for the corporate Northlands brand. With the addition of the Rexall Edmonton Indy to our summer line-up, we were able to build on significant promotional and marketing synergies with Capital EX, as we positioned the city's premier marquee events under the umbrella of Edmonton's biggest summer celebration. Our innovative Indy guerilla marketing campaign 'Fast' was both a smash hit with the public and the advertising industry alike, winning best of show, best advertising campaign, best art direction, best poster and best poster series at the 2008 Advertising Club of Edmonton Awards.

The Rexall Edmonton Indy also provided an incredible opportunity to profile Edmonton and Alberta to unprecedented international audiences, as the event was showcased in over 184 countries worldwide.

Working collaboratively with our industry partners, we were able to enhance tourism linkages through the Edmonton Indy in new international markets including the United States, Mexico and Australia.

Corporate brand development, stakeholder engagement and community involvement are key areas that have been a defined focus in recent strategic communications and marketing efforts for Northlands, and in 2008 we were able to build on the numerous successes to date. Our corporate reputation work was instrumental in shaping key messages to targeted business and community audiences from advertising, promotions, government relations, media relations and public relations perspectives across the spectrum of our signature events. Our efforts were focused to a significant degree on our social and economic impact and our role as an entertainment and big event driver, while also positioning Northlands' ownership and expertise connected to our facilities.

We were also able to build on our outstanding international reputation and success for delivering the biggest stars, unforgettable shows and world-class entertainment for our community - as Rexall Place brought Edmonton to life an impressive 240 days in 2008. From incredible headliner concerts and sporting events including NBA basketball, to other extraordinary events such as world-renowned Cirque du Soleil, we continued to deliver exceptional experiences to our guests.

In line with our priorities for the year, we continued to build relationships with our stakeholders and increased efforts to engage them through our signature events, community outreach and targeted communications. To further enhance our relationships and build our profile as a key economic partner in the region we participated as a sponsor in the Mayor's Evening for the Arts and the Edmonton Youth Council's Heart 2 Art initiative.

Capital Projects, Maintenance & Technology Services

In 2008 we remained focused on capital redevelopment as a strategy for long-term sustainability and completed Phase I of our facility expansion, Project Evolution.09. We are pleased to report Phase I work was on schedule and within budget. The estimate to complete the total project, initially budgeted at \$145 million, is now closer to \$150 million due to construction market fluctuations in the first three quarters of 2008. Northlands recognizes this is a marginal variance given the scope of this project.

One of the more challenging aspects associated with this project to date has been keeping our clients happy and managing guests' expectations about a site under construction. We have been successful implementing a communications strategy to mitigate concerns in this area. Our primary focus, however, is on keeping this project on schedule. Due to the nature of Northlands, we have little flexibility for delays in our jam-packed event schedule. Our advanced planning window allows us to remain in a strong position to minimize potential scheduling conflicts. To date we have had good success working with our project management team, Clark Builders, and their subcontractors who have been keen to meet targets for construction.

In addition to Project Evolution.09, other major projects included a \$1.3 million renovation of the new Sports Book Lounge in the Spectrum and an \$810 thousand investment in structural and mechanical infrastructure upgrades to Rexall Place.

Staffing

Northlands aims to be a preferred employer and maintain its position as an exciting and rewarding place to work. We want our employees to have opportunities to “be part of the show.”

Recruitment is a top priority at Northlands since we need skilled staff members who can deliver the high level of service that exceeds guest expectations. In 2008 the competitive labour market drove a strategy that included competitive compensation packages, unique employment opportunities, options for advancement and training, as well as development initiatives that will both attract and retain staff.

Volunteers

Without volunteers we could not operate. In 2008, our core of 1,000 volunteers provided in excess of 30,000 hours of exceptional service during Capital EX, Farmfair International, Canadian Finals Rodeo and other events.

Our volunteers take on everything from hosting special needs children during Monday Morning Magic at Capital EX to driving courtesy vehicles to evaluating entrants and staging during our successful talent competitions. These opportunities are not only enjoyable, but present volunteers with opportunities to expand their skill sets in key areas. Our focus today is on highlighting the benefits of volunteering through Northlands so we can attract more youth and diversity in our volunteer base. We are also working to strengthen everyone’s understanding of the Canadian Code for Volunteer Involvement and its values.

Operating expenses by area

	2008 (\$'000s)	2007 (\$'000s)	2006 (\$'000s)
Northlands Major Events	14,784	15,034	14,832
Agriculture	4,278	2,996	2,905
Racing & Gaming	81,652	80,484	84,385
Facility Sales & Client Services	37,340	44,498	33,582
	138,054	143,012	135,704

Other expenses

	2008 (\$'000s)	2007 (\$'000s)	2006 (\$'000s)
Grounds and building maintenance	5,789	5,174	5,078
Administration and corporate programs	5,353	4,449	4,085
Sales and marketing, net of corporate sponsorship revenue	3,916	3,060	2,508
Depreciation and interest expenses	2,119	1,015	1,462
	17,177	13,698	13,133

Grant income

	2008 (\$'000s)	2007 (\$'000s)	2006 (\$'000s)
Alberta Lottery Fund			
- Agriculture & Economic Initiatives	10,000	10,000	10,000
Horse Racing Alberta	7,258	5,724	6,386
City of Edmonton Support Agreement	2,388	2,337	2,291
	19,647	18,061	18,677

OUTLOOK 2009

This section contains forward-looking statements, which are not historical facts but are based on certain assumptions and reflect our current expectations for our business through the eyes of management. Northlands cautions readers not to put undue reliance on forward-looking statements since there are unforeseen factors that can affect their accuracy. While outlook statements are valuable in providing insight into the year ahead, it is important to recognize that with any assumptions or predictions there is always the risk that forward-looking statements will not prove to be accurate.

Northlands' financial performance in 2008 was reasonably well-positioned as compared to many other Canadian businesses that were adversely impacted by the global economic slowdown in the fourth quarter. We were, however, not completely immune to the economic downturn. Northlands' net earnings was \$566 thousand, resulting in a variance of \$2.4 million below our budget expectations. As a result of what can best be described as an uncertain economic landscape, we foresee a challenging 2009. We anticipate the Alberta economy will perform better than the rest of Canada, but we believe discretionary incomes will be challenged. When discretionary incomes are affected, consumers tend to reduce their travel expenses and for an organization like Northlands, heavily dependent on trade shows and large events, we recognize food and beverage revenues may be negatively impacted. This will be a year where we watch the economy very carefully. We have always had a good reputation as being fiscally prudent and we will continue to be conservative as we monitor changes to our business. Like most businesses, we too are watching expenses and are closely scrutinizing the addition of any staff. That said, we want to be in the best possible position to take advantage of a positive shift in the market, should that occur in the latter half of 2009.

Our introduction of the Rexall Edmonton Indy created an injection of over \$80 million of economic impact for greater Edmonton. Parceled with approximately \$20 million in international media exposure, we believe we will turn this investment into one of Edmonton's most long-term and sustainable events. In 2009 this event is timed, with its significant international cache, to coincide with Capital EX.

Capital EX faced similar challenges this year. Attendance was solid, with the festival performing within our 10-year average but we did not achieve the financial contribution that we had hoped for. Capital EX has very strong programming elements and crowd pleasers. ED Fest saw significant crowds and Family Fun Town is fast becoming a North American best practice, yet we continue to be challenged by our ability to ensure this is a must attend summer event in our region due to the number and profile of summer festival offerings in Edmonton. 2009 will see us put a greater focus on research and new program development, advance internet sales and explore the concept of bundling on-site experiences to increase sales overall. We will continue to use the AgriCom as a venue to appeal to unique audiences, further developing Sip!, Northwest Originals and Global Connections since the fusion of these two shows in 2008 has worked well.

The Canadian Finals Rodeo continues to be a solid performer – on budget and with great audiences – and we look forward to the completion of Project Evolution.09, which will give us the space we need to grow programming. This year we trialed several new elements with good success as we prepare to engage corporations through hosting opportunities and new fans through targeted events and activities in 2010.

Our second year implementing Agriculture's new overarching strategy and events proved to be more challenging than we had planned. We knew it would be another year of investment as we evolved programming options, however, we were overly optimistic about results in a year of change. The Northlands Farm and Ranch Show performed to historical numbers, yet fell short of our budget expectations and we did not forecast the decline in attendance for Farmfair International, one of our most successful shows. Our focus for 2009 will be to consolidate all agricultural programming into two seasonal segments in spring and fall. The addition of Hall D as a venue for equine events provides us with an opportunity to create an entertainment venue for enhanced programming during the entire week of Farmfair International. While our first year of the Farm and Ranch Show was at capacity, we see great potential to grow this show once our facility expansion is complete in 2010. We are focused on delivering three new feature programs to improve our returns:

- Women in Agriculture to showcase tools to create a better work life balance on the farm, ranch or acreage;
- Alberta Grows as a means to profile the benefits of local food production; and
- An environmental showcase featuring sustainable technology practices and educational seminars

Although these are challenging times for the horse racing industry in Alberta, Northlands is committed to working with Horse Racing Alberta (HRA) to deliver their vision for the industry. 2009 will see all 'A' circuit racing in Alberta take place at Northlands Park due to the permanent closure of racing facilities at Stampede Park in Calgary and the new southern Alberta facility in Balzac is not set to open until 2010. While Northlands' agreement with the HRA does provide a short-term remedy for horse racing in Alberta, the industry cannot be sustained by one 'A' track in the province. A longer term, financially sustainable vision for the industry is needed, and Northlands is committed to doing our part to achieve this vision. Northlands has maintained a leadership role in the horse racing industry in our province for over 100 years, and we will continue to be a strong partner for the industry.

Despite a conservative outlook, Rexall Place continues to be a pleasant surprise, once again performing above expectations coming off a banner year in 2007 to deliver solid results in 2008 as the concert market continues to be strong. The success of this facility can largely be attributed to the diverse offering of entertainment provided and this year was no exception. For some there is a belief that Rexall Place is primarily a hockey venue, yet to the fans that took in any one of the over 100 non-hockey events, it is so much more and this has positively affected our balance sheet.

Financial and capital management/liquidity

Consolidated assets were \$196 million as of December 31, 2008, compared to \$181 million in 2007, representing an increase of \$15 million. During the year, fixed asset additions were \$64.8 million. These additions were financed by a reduction in restricted cash of \$42.9 million and an increase in accounts payable. Long-term debt financing has been arranged for the balance of the facility expansion project and will be funded in the first quarter of 2009.

For several years now we have been working with various groups to address our long-term facility needs. The City of Edmonton has committed over \$11 million for improvements to Rexall Place (reviewed annually) from 2006 through 2013.

Consolidated statement of cash flow

Cash provided by (used in)	2008 (\$'000s)	2007 (\$'000s)	2006 (\$'000s)
Cash and Cash equivalents, beginning of year	18,341	17,860	12,975
Operating activities	(4,621)	12,551	11,594
Investing and financial activities	(1,343)	(12,070)	(6,709)
Cash and Cash equivalents, end of year	12,377	18,341	17,860

Capital projects

The majority of our 2009 capital expenditures will be dedicated to our facility expansion, Project Evolution.09. Other 2009 expenditures include converting the bus bays into a parking lot near the Spectrum, as well as electrical and mechanical upgrades in Rexall Place. In 2009 we will also purchase the fixtures, furnishings and equipment required for our newly expanded facility.

In 2008 we received approval for \$25 million in grant funding from the Government of Canada through the Building Canada Fund. This funding is in addition to the \$50 million previously received from the Government of Alberta for Project Evolution.09. We continue to work with the Government of Canada who will oversee their investment in this project. Additional debt financing of \$60 million for the expansion project has been secured through support from the City of Edmonton.

Major maintenance

Northlands has an obligation to maintain and renew its existing facilities and site. In 2009, significant projects will include roof replacements at the AgriCom and our barns as well as ongoing infrastructure upgrades throughout our site.

Anticipated maintenance expenditures over the next five years are shown in the following table. We are currently assessing alternate sources of funding for these projects, as expenditures are restricted by the availability of sustainable cash generated from operations, supplemented by operating lines of credit.

	Major Maintenance (\$'000s)	Capital (\$'000s)	Total Projected Expenditures (\$'000s)
2009	3,232	71,792	75,024
2010	3,234	10,899	14,133
2011	2,412	8,059	10,471
2012	2,529	7,910	10,439
2013	2,363	6,122	8,485
	13,770	104,782	118,552

Net funds generated by Northlands to federal and provincial agencies

We continue to be a net contributor to federal and provincial agencies. The following table outlines net funds generated by Northlands over the last 10 years through our various gaming activities.

	\$ Millions	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	10 Year Cumulative
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
HRA ¹ /ARC ² fees & levies	7.0	6.6	6.1	5.7	5.0	4.8	4.8	4.6	4.2	4.1		52.9
AGLC ³ gaming proceeds	35.4	36.4	42.7	39.1	36.2	30.6	23.2	13.2	11.8	9.6		278.2
Federal tax	1.0	1.0	0.9	0.8	0.7	0.7	0.7	0.7	0.6	0.6		7.7
Generated by Northlands	43.4	44.0	49.7	45.6	41.9	36.1	28.7	18.5	16.6	14.3		338.8
Discretionary grant/ pari-mutuel tax rebate	0.9	1.2	0.8	0.8	0.7	0.8	0.8	0.8	0.7	0.7		8.2
HRA Operating Grant	7.3	5.4	6.4	5.8	7.4	6.3	4.8	-	-	-		43.4
HRA Transitional Funding Grant	1.1	-	-	-	-	-	-	-	-	-		1.1
HRA Capital Grant	-	1.1	1.9	2.2	2.0	-	-	-	-	-		7.2
Alberta Lottery grants	10.1	10.1	10.1	9.4	7.1	7.1	7.1	7.1	7.1	7.2		82.4
Received by Northlands	19.4	17.8	19.2	18.2	17.2	14.2	12.7	7.9	7.8	7.9		142.3
Net funds generated by Northlands	24.0	26.2	30.5	27.4	24.7	21.9	16.0	10.6	8.8	6.4		196.5

Excludes City of Edmonton support payments of \$2.3 million per annum which are used solely to fund a portion of the financial concessions given to the Edmonton Oilers.

AGLC gaming proceeds for 1999-2001 are net of funds (2001: \$6.0 million; 2000: \$5.6 million; 1999: \$4.5 million) retained by Northlands to fund racing operations and capital improvements.

¹HRA (Horse Racing Alberta) ²ARC (Alberta Racing Commission) ³AGLC (Alberta Gaming and Liquor Commission)

Northlands' contract with the NHL Edmonton Oilers provides for the following distribution of revenues and expenses. The Edmonton Oilers pay \$1 per year in rent along with a contribution to operating expenses of \$1.1 million for which Northlands is responsible for providing all event staff, utilities and the overall maintenance of Rexall Place. The Edmonton Oilers retain all net revenue from NHL food and beverage revenues, ticket surcharges for NHL hockey games, all advertising and sponsorship revenue, suite revenue and parking lot revenue in Rexall Place.

Northlands has an agreement with the City of Edmonton regarding the sharing of non-hockey profits from the operations of Rexall Place. The agreement specifies that Northlands will share operating profits from Rexall Place based on a formula wherein the City will receive 20 per cent of the excess of the current year's net earnings of Rexall Place less the average of the previous five year's net earnings, adjusted for inflation. The total profit share paid to the City for fiscal 2004 to 2008 is \$1.9 million. Per the agreement with the City, the proceeds will be held in reserve, to assist in funding facility capital improvements at Rexall Place. The projected profit share to be paid to the City of Edmonton for the 2008 operating year is \$392 thousand.

Risk and risk management

Management recognizes that despite solid results for 2008, certain risks and uncertainties could have a negative effect on the financial condition or results of the operation of Northlands. Capitalizing on new opportunities for growth is key to our long-term success. We must continue to look for innovative ways to balance plans for the future while overcoming the challenges and uncertainties we face today.

In 2009, we will be paying a lot of attention to the changing economy and like many other businesses, will be keeping a close eye on the factors we can control, such as operating costs. We have also taken a positive step to manage our debt. We have worked with the City of Edmonton to secure a 25-year fixed interest rate for \$57 million in debt financing of Project Evolution.⁰⁹ In addition, Northlands secured very favorable rates for \$2 million in debt financing over five years. Securing a low interest rate over a fixed term puts us in the best position to manage cash flow without having to worry about changing interest rates. It is estimated that with the interest rates that have been secured, Northlands will save approximately \$20 million in interest expense over the term of the borrowing.

General economic conditions

Economic conditions affect the demand for our products and services and influence the type of events and activities we deliver through our facilities. Since Northlands' major activities revolve around entertainment and trade and consumer shows, our ticket sales, gate receipts and general levels of participation are closely connected to the amount of disposable income that is available in Edmonton and north-central Alberta.

Alberta's strong economy has provided us with levels of unprecedented growth over the past few years. Toward the end of 2008, however, we began to feel a slight downturn in the economy. Several Christmas banquets were cancelled and we experienced lower attendance levels at our events.

Although we are experiencing some decreased business, we are not seeing the drastic reductions being felt in other markets, yet there is a need for caution and expense control in order to manage our business.

There has been a positive response to the introduction of our additional show space resulting from the completion of Phase 1 of Project Evolution.09 and we are benefiting from the leveling off of construction costs, as well as a less competitive staffing market. It is still difficult to recruit high quality staff, but we are seeing reduced wage expectations.

Northlands constantly monitors economic conditions, including interest rates that could affect our cash flow over time. We continually implement strategies to mitigate risks, working hard to get the best value for every dollar spent, and adjust our expenditure plans in relation to net earnings.

Management of facilities and construction risks

Project Evolution.09 is scheduled for completion in late 2009 and remains a high priority for Northlands. While the expansion is ongoing, our facilities continue to operate at capacity, although we are working to mitigate any potential scheduling challenges as work progresses. As with any project of this size, there are imminent risks. Temporary space restrictions and customer inconveniences put us at risk for a loss of business, along with decreased attendance at shows and the resulting loss of revenue from parking and concessions. The shifting Alberta construction economy, however, is having some positive impacts on our project as we proceed toward completion. Our project manager, Clark Builders, is reporting better service levels from subcontractors and we anticipate more competitive pricing on the components of this project that remain to be tendered.

Facility redevelopment has an impact on all core businesses and collaboration is key as we work to develop solutions and mitigate the risks of construction. We are managing these risks through strategic measures such as regular status reporting, planning, project phasing, timely ordering of equipment and materials, adherence to safety procedures and guidelines and ongoing and increased communication with all stakeholders and customers using the site. We have also taken significant steps to deliver the level of customer service our guests have come to expect from Northlands. We have added increased site signage, created additional walkways and enhanced shuttle service.

The scheduling of facility use to maximize revenues is always complex. The use of facilities at Northlands peaks during certain times of the year. The AgriCom is fully booked during the trade show seasons of mid-January to May and September to mid-November. There are significant challenges involved in scheduling events at Rexall Place in view of our contractual obligations to the Edmonton Oilers and Oil Kings. Increased event activity and commitments to our clients can also affect cost effective scheduling of facility maintenance.

Finding the incremental finances to support an aging infrastructure and to maintain our facilities is an essential function that is closely related to our ongoing financial success.

Edmonton's arena discussion

In 2008, we continued our leadership position as a member of the Mayor's Arena Leadership Committee that released its feasibility report in March. As always, our focus is on doing what is right for Edmonton. As we work to move this initiative forward, we will be looking at what will meet the needs of Edmontonians now and in the future. It is important to point out the report was a feasibility study not a business case with a specific recommendation. What it identified is that a sports and entertainment complex within a broader development is certainly achievable in downtown Edmonton and further exploration is needed.

Northlands is pleased to continue to play a pivotal role in the next steps of this process as we build the best arena solution for Edmonton. We will continue to work closely with our partners including the Rexall Sports Group and the City of Edmonton in moving this initiative forward.

As the owner and operator of Rexall Place, we are this city's arena experts and we pride ourselves in the expertise we bring to this initiative. Our current venue, Rexall Place, brings Edmonton to life - an incredible 240 days a year. Last year alone Northlands brought over 100 concerts, sold-out shows and extraordinary events to Rexall Place. That is on top of the hockey action that brings thousands of fans to Rexall Place for the Oilers and Oil Kings.

Customer satisfaction/operational excellence

Our commitment to the business process improvement utilizing lean six sigma methodology that was initiated in 2007 is beginning to show financial returns. In 2008, we targeted \$262 thousand in identified efficiencies as a result of our commitment to this rigorous, data-driven program to drive continuous quality improvements within Northlands. We are proud to report that we were successful in achieving our goal. This is a comprehensive and flexible system for achieving, sustaining and maximizing business success. Through business process improvement we intend to further reduce costs, increase market share, improve customer satisfaction, get programs and services to market faster and ultimately increase revenue and profits.

Environmental conditions

Northlands is committed to being an industry and business leader in environmental stewardship and sustainability. Seeking out new ways to reduce energy use, costs and greenhouse gas emissions are organizational priorities and our Environmental Action Committee provides us with a mechanism to set benchmarks around our green initiatives year after year. We have progressive programs to divert waste from our landfills and have shown leadership by supporting and participating in sustainable agriculture and environmental stewardship initiatives. Northlands has also championed strategies to reduce the environmental impact of our operation and offered training and development resources to others in Alberta's agriculture and food industry.

In 2008, we initiated a purchasing protocol to ensure our suppliers are reducing the packaging and other excess materials that are shipped to Northlands. We also committed to a comprehensive energy management program that will ensure our current and future buildings are as energy efficient as possible. Through Capital EX we introduced one of the first green powered children's midways in the country and our Family Fun Town has become a showcase for fully recyclable products as well as biodegradable condiments and cutlery.

Increasing competition

Maintaining and growing our business requires Northlands to position our products and services competitively against other agencies and organizations throughout Western Canada and beyond our national borders. We continually measure our offerings against others in competitive categories, working to improve and lead in the marketplace.

In 2008, Northlands began cross-promoting the Rexall Edmonton Indy with our 10-day summer celebration, Capital EX, with a long term view to create a perception that these events – together – are Edmonton's biggest summer celebration. As we move forward, we will continue to blend these events and market our growing festival as the time of year local residents and tourists will find the most exciting entertainment in Edmonton. The Indy presents a platform from which we can speak to a much larger international audience than any other festival or event and Capital EX provides the complimentary depth of programming required to position our summer events as a world-class happening.

2009 programming for Canadian Finals Rodeo will be similar to 2008, yet we continue to develop new elements that will be introduced in 2010 when more venue space becomes available for this major event. We anticipate the general economic conditions that could affect agriculture may have a similar impact on Canadian Finals Rodeo. Next year marks year six of our 10-year contract to run this event and our relationship with the Canadian Professional Rodeo Association remains strong. As part of our contract requirements we will increase both the contestant purse and the fees paid to stock contractors.

In 2008, our Agriculture business unit added two significant events to the calendar: the newly branded Northlands Farm and Ranch Show and Northlands Horse Power. In 2009, we will consolidate agriculture programming into two show times, spring and fall (March and November). This move will:

- See us add incremental equine programming to Farmfair International;
- Provide us with an opportunity to create a critical mass of programming that will ensure Northlands is a destination for agriculture twice a year; and
- Create operating efficiencies since our larger show space and consolidated timing enables Northlands to save significant cleaning and set-up costs as a result of partnering with business units like racing and gaming.

The trade and consumer show industry continues to grow across North America with 22 new or expansion projects underway. To remain competitive, and to assist our clients in realizing business

growth, we have undertaken a significant expansion to our trade and consumer show facilities. This expansion, scheduled for completion in the fall of 2009, will position us as the premier venue of its kind in Western Canada and as the largest contiguous space in Canada, outside of Toronto.

The Slots at Northlands Park will be challenged in 2009 as a result of a diluted player market and increased competition for the gaming dollar. There are now 24 casinos and three Racing Entertainment Centres in Alberta with seven in the Edmonton marketplace, all offering a variety of gaming and non-gaming amenities that appeal to and attract the Northlands player. To remain competitive in the new gaming landscape Northlands will work to expand its Player's Club membership and maintain its commitment to strong marketing, event programming and exemplary customer service in this venue.

Staffing

Labour market issues in Edmonton are no different than any other market in Alberta and continue to be one of our greatest challenges. While our organization is benefiting from the experience and commitment of a strong complement of full-time staff, many of our activities are labour intensive and require us to hire large numbers of difficult to attract part-time workers.

We continue to use innovative ways of attracting the part-time staff required during our busy season. Throughout the year, we consistently re-evaluate the dynamic needs of our organization, while monitoring the economic situation and how it affects staff.

Strategic partnerships and corporate sponsorships

Building and strengthening strategic partnerships is a critical future-focused objective for Northlands, as we continue to serve residents in the Edmonton region and north-central Alberta. Northlands is also looking beyond our borders as we continue to cultivate key business relationships in targeted markets such as Great Britain and Argentina.

Northlands, and the broader community we serve, benefit greatly from our key relationships with Horse Racing Alberta, the Canadian Professional Rodeo Association, the Edmonton Oilers, the City of Edmonton, and Edmonton Tourism. At the end of 2008, our five-year racing license with HRA expires. Over the course of this agreement, we have invested \$12 million on capital to support horse racing in Edmonton.

We are proud to partner with the City of Edmonton as we continue to profile Edmonton abroad by attracting and producing world-class events such as the Rexall Edmonton Indy and the 2009 Canadian Curling Trials, The Roar of the Rings.

Our major anchor tenant at Rexall Place is the Edmonton Oilers Hockey Club, and we are proud of our long association with the team. For over three decades, Northlands has worked collaboratively with Oilers ownership in order to secure hockey's future in our city. We look forward to continuing to build upon our strong working relationship with the team's new owner, Rexall Sports Group.

Northlands generated significant sponsorship revenue both in cash and contributions of goods and services in 2008. Most notably, Northlands welcomed the Rexall Edmonton Indy in our grouping of signature events bringing a large number of new companies into our extensive sponsorship fold. The Rexall Edmonton Indy affords us with the opportunity to garner local, national and international exposure and market reach not only for ourselves but also our sponsors. Northlands was also pleased to bring Pizza 73 to our family of major sponsors. Pizza 73 was a significant partner who participated in the Rexall Edmonton Indy, Capital EX and Canadian Finals Rodeo.

The further development of focused programming at Capital EX created new sponsorship inventory and brought new sponsors to the organization. Allan Dale Trailers of Red Deer increased their sponsorship involvement in Farmfair's Supreme Show making the show the richest of its kind in Canada.

Communications

For 2009, Northlands has developed an annual strategic marketing and communications plan that outlines and integrates communications and marketing activities and tactics to support the key strategic initiatives as defined by the Board of Directors and the corporate multi-year business plan. These activities will be integral to our ongoing brand building and stakeholder engagement activities.

Our goals for 2009 are captured within the following key categories:

- brand building;
- facility development;
- stakeholder engagement; and
- internal relations.

2009 goals have been updated to reflect new realities in brand health while recognizing the need to establish a more visible corporate connection to our facilities. We are committed to strategies that will assertively position Northlands' expertise and leadership role in attracting and producing Edmonton's biggest and most exciting agriculture, trade and entertainment events. Our stakeholder relations activities will also be guided by this messaging. As we move through 2009 we will utilize all communications opportunities to leverage our brand building activities and increase our message reach by tailoring communications to be uniquely meaningful to each of our primary audiences.

MANAGEMENT REPORT

The accompanying consolidated financial statements of Edmonton Northlands (operating as Northlands) and all the information in this annual report are the responsibility of Management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, Management has chosen those it deems most appropriate in the circumstances. The significant accounting policies used are described in note 2 to the consolidated statements. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

Northlands maintains systems of internal accounting and administrative controls of high quality. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that Management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Finance and Audit Committee.

The Finance and Audit Committee is appointed by the Board, which is comprised of eight members, none of which are employees of the Company. The Committee meets periodically with Management and the independent auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the financial statements and the auditor's report.

The Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the shareholder members. The Committee also considers, for review by the Board and approval by the shareholder members, the engagement or re-appointment of the auditors. The consolidated financial statements have been audited by Grant Thornton LLP in accordance with generally accepted auditing standards on behalf of the shareholder members. Grant Thornton LLP has full and unrestricted access to the Finance and Audit Committee, with or without management being present.



President



Vice President, Finance
Chief Financial Officer,
Corporate Secretary
and Treasurer

AUDITORS REPORT

To the Members of Edmonton Northlands

We have audited the consolidated balance sheet of Edmonton Northlands (operating as Northlands) as at December 31, 2008 and the consolidated statements of earnings, net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Canada
March 17, 2009

Grant Thornton LLP
Chartered Accountants

CONSOLIDATED BALANCE SHEET

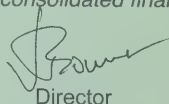
As at December 31

	2008 \$	2007 \$
ASSETS		
Current		
Cash and cash equivalents	12,376,681	18,341,104
Restricted cash [note 2]	-	42,936,259
Accounts receivable	8,226,250	8,759,527
Due from related party [note 20]	6,503,490	-
Inventories	424,261	489,549
Prepaid expenses	3,339,975	2,193,775
Total current assets	30,870,657	72,720,214
Capital assets [note 5]	164,362,357	107,596,462
Intangible assets [note 6]	522,710	665,267
Goodwill [note 7]	437,214	287,214
	196,192,938	181,269,157
LIABILITIES AND NET ASSETS		
Current		
Bank indebtedness [note 8]	6,871,700	-
Accounts payable and accrued liabilities	37,027,252	26,968,722
Deferred revenue	3,483,941	1,416,136
Funds held for others [note 9]	8,974,392	11,142,571
Current portion of long-term debt [note 10]	1,137,710	2,033,038
Total current liabilities	57,494,995	41,560,467
Long-term debt [note 10]	2,265,920	2,403,561
Contributions for expansion of facilities and capital debt retirement [note 11]	98,646,801	100,085,814
	158,407,716	144,049,842
Net Assets		
Share capital [note 13]	1,405	1,390
Invested in capital assets [note 22]	40,903,010	38,650,963
Accumulated operating deficit [note 22]	(3,119,193)	(1,433,038)
Total net assets	37,785,222	37,219,315
	196,192,938	181,269,157

Commitments and contingencies [note 12]

See accompanying notes to the consolidated financial statements.

On behalf of the Board:


Director


Director

CONSOLIDATED STATEMENT OF EARNINGS

Year ended December 31

	2008 \$	2007 \$
Revenues [note 14]	139,453,287	147,195,962
Expenses [note 14]	138,053,885	143,012,750
Event contributions [note 14]	1,399,402	4,183,212
Other expenses (revenues):		
General grounds and building maintenance	5,789,169	5,173,636
General, administration and corporate programs	5,353,208	4,449,380
Sales and marketing	3,912,673	3,060,367
Depreciation of capital assets, net of amortization of capital contributions	4,797,854	4,834,899
Amortization of intangibles	142,557	47,519
Interest expense (revenue) [note 15]	484,741	(134,180)
Operating loss before undernoted	(19,080,800)	(13,248,409)
Grant income [note 16]	19,646,692	18,061,115
Net earnings [note 14]	565,892	4,812,706

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

	Invested in capital assets \$	Accumulated operating deficit \$	Share capital \$	2008 \$	2007 \$
Balance, beginning of year, previously stated	48,650,963	(11,433,038)	1,390	37,219,315	32,406,639
Correction of error [note 22]	(10,000,000)	10,000,000	—	—	—
Balance, beginning of year, as restated	38,650,963	(1,433,038)	1,390	37,219,315	32,406,639
Net earnings	—	565,892	—	565,892	4,812,706
Depreciation, net of amortization of capital contributions	(4,940,411)	4,940,411	—	—	—
Investment in capital assets and intangibles funded from operations, net of related debt and capital contributions	6,159,420	(6,159,420)	—	—	—
Repayment of long-term debt	1,033,038	(1,033,038)	—	—	—
Increase (decrease) in share capital	—	—	15	15	(30)
Balance, end of year	40,903,010	(3,119,193)	1,405	37,785,222	37,219,315

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31

	2008 \$	2007 \$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net earnings	565,892	4,812,706
Items not affecting cash:		
Depreciation of capital assets	8,065,429	7,224,083
Amortization of intangible assets	142,557	47,519
Amortization of capital contributions	(3,223,697)	(2,390,111)
	5,550,181	9,694,197
(Increase) decrease in non-cash working capital related to operations:		
Accounts receivable	878,860	(1,111,283)
Due from related party	(6,503,490)	-
Inventories	65,288	(36,925)
Prepaid expenses	(1,146,200)	(913,049)
Accounts payable and accrued liabilities	(3,365,445)	4,988,447
Deferred revenue	2,067,805	(1,626,053)
Funds held for others	(2,168,179)	1,555,670
Cash (used in) provided by operating activities	(4,621,180)	12,551,004
INVESTING AND FINANCING ACTIVITIES		
Increase in bank indebtedness	6,871,700	-
Increase in accounts payable for financing of capital assets	13,423,974	7,258,094
Purchase of capital assets	(64,831,254)	(27,701,357)
Acquisition	(150,000)	(1,000,000)
Contributions for expansion of facilities and capital debt retirement [note 11]	1,784,683	17,172,584
Repayment of long-term debt	(1,033,038)	(1,104,161)
Increase (decrease) in share capital	15	(30)
Decrease (increase) in cash restricted for non-current purposes	42,590,677	(6,695,226)
Cash used in investing and financing activities	(1,343,243)	(12,070,096)
Net (decrease) increase in cash and cash equivalents	(5,964,423)	480,908
Cash and cash equivalents, beginning of year	18,341,104	17,860,196
Cash and cash equivalents, end of year	12,376,681	18,341,104

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

1. PURPOSE OF THE ORGANIZATION

Edmonton Northlands, formerly The Edmonton Exhibition Association Limited which was incorporated in 1908, is the successor to the Edmonton Agricultural Society of 1879 and The Edmonton Industrial Exhibition Association of 1899. Edmonton Northlands is incorporated under Part 9 of the Companies Act of Alberta as a non-profit organization. Edmonton Northlands' purpose is to provide programs and facilities to benefit the residents of Northern Alberta in the fields of agriculture, racing and gaming, trade shows, exhibitions, entertainment and community service. The Directors of Edmonton Northlands are elected volunteers who are not paid for their services. The shareholders of Edmonton Northlands, who are also volunteers, cannot receive dividends, nor can their shares appreciate in value. Shares cannot be sold, held by persons residing south of Township 34 in the Province of Alberta or by the estates of deceased shareholders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and reflect the policies set out below. To prepare timely financial statements that conform with GAAP, management must make certain estimates and assumptions to arrive at the reported amounts of assets, liabilities, revenue and expenses. Actual results could differ from those estimates.

Principles of consolidation

The consolidated financial statements include the accounts of Edmonton Northlands (the "Organization" or "Northlands"), and the Organization's 100% interest in the Alberta Teletheatre Network ("ATN"). In addition, Northlands has a wholly owned subsidiary, Kirkness Lake Ventures ("KLV"), which has not been consolidated in these financial statements [note 20].

Cash and cash equivalents

Cash and cash equivalents include unrestricted balances with banks net of outstanding cheques and highly liquid investments with original maturities of three months or less and are recorded at cost, which approximates fair market value.

Restricted cash

Restricted cash consists of funds received that have been designated for use towards expenditures on a specific capital project. These funds are recorded as restricted as the Organization will not be using them to fund current operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets

Capital assets are carried at cost less accumulated depreciation. Depreciation is provided for on a straight-line basis over the estimated useful lives of the assets as follows:

<u>Assets</u>	<u>Useful life</u>
Rexall Place and AgriCom	50 years
AgriCom Expansion	50 years
Spectrum	25 years
Other buildings and improvements	25 years
Equipment	3 to 20 years

Depreciation is charged on constructed capital assets from the date that the projects are substantially complete. Depreciation is not charged on properties acquired for future expansion. Depreciation is provided commencing in the month in which the asset is available for use.

Intangible assets

Intangible assets acquired individually or as part of a group of other assets are initially recognized and measured at cost. Intangible assets with finite useful lives are amortized over their useful lives. Intangible assets with indefinite useful lives are reviewed for impairment annually. The Organization has no intangible assets with indefinite useful lives.

The amortization methods and estimated useful lives of intangibles assets are as follows:

Exhibitor relationships	5 years
Sponsor relationships	5 years
Show name and marketing materials	5 years

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill represents the excess of the purchase price of an acquisition over the estimated fair value of the underlying net assets acquired at the date of acquisition. Goodwill arising from acquisition is not amortized and is tested for impairment annually, or more frequently if events or changes in circumstances indicate the asset might be impaired. Impairment is tested by comparing the carrying amount of the reporting unit, including goodwill, with its fair value. Fair value is determined using the discounted, estimated future operating cash flows of the reporting unit. When the fair value of the reporting unit exceeds its carrying value, goodwill of the reporting unit is not considered to be impaired. When the carrying value of the reporting unit exceeds its fair value, the implied fair value of the reporting unit's goodwill, determined in the same manner as the value of goodwill is determined in a business combination, is compared with its carrying amount to measure the amount of the impairment loss, if any. A reporting unit comprises business operations with similar economic characteristics and strategies, and is the level of reporting at which goodwill is tested for impairment.

Capital leases

Leases that substantially transfer all of the benefits and risks of ownership of property to the Organization are accounted for as capital leases whereby the asset and related obligation are recorded to reflect the acquisition and financing of the capital assets. Equipment recorded under capital leases is depreciated on the same basis as described above.

Revenue recognition

Racing and gaming revenues consist of pari-mutuel commissions and gaming wins net of patron winnings. Racing and gaming revenue is recognized at the time amounts are wagered.

Event production revenue is recognized when the event occurs. Proceeds received in advance for events produced by Northlands are recorded as deferred revenue. Proceeds received in advance for events produced by third parties are recorded as funds held for others.

The Organization follows the deferral method of accounting for grants and contributions. Amounts externally restricted for capital purposes, including the acquisition of property for expansion, construction of facilities or retirement of capital debt, are credited to "Contributions for expansion of facilities and capital debt retirement" and are amortized into income each year on the same basis as the related assets are depreciated.

Unrestricted contributions are recognized as revenue when received or receivable. Externally restricted grants and contributions are deferred and recognized into income at the time the related expenses are incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed services

A substantial number of unpaid volunteers make significant contributions of their time in developing the Organization's programs. The value of this contributed time is not reflected in these financial statements since objective measurement or valuation is not readily determinable.

Non-monetary transactions

The revenue and expenses resulting from non-monetary transactions have been recorded at the fair market value of the asset or service received, as it is the most readily determinable. During 2008, the Organization provided and received services and products in kind of approximately \$497,409 (2007 - \$410,807).

Pension costs

The Organization participates in a multi-employer plan covering substantially all permanent, full-time employees. The pension plan is accounted for as a defined contribution plan whereby the Organization's required contributions are recognized in the period in which they are incurred. Included in expense for the year-end is \$1,505,779 (2007 - \$1,382,509) in respect of pension contributions incurred for eligible employees.

Income tax status

The Organization is a not-for-profit organization within the meaning of the Income Tax Act of Canada and is exempt from income taxes.

Future accounting changes – Financial Instruments

During fiscal 2007, CICA Handbook Section 3862, Financial Instruments – Disclosures, and CICA Handbook Section 3863, Financial Instruments – Presentation were issued, and which will replace CICA Handbook Section 3861 Financial Instruments – Presentation and Disclosure. The new disclosure standard increases the emphasis on the risks associated with both recognized and unrecognized financial instruments and how these risks are managed. The new presentation standard carries forward the former presentation requirements. The Organization is currently assessing the impact these new standards will have on its consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

3. CHANGE IN ACCOUNTING POLICY

Capital Disclosure

Effective January 1, 2008, CICA Handbook Section 1535, Capital Disclosures, was adopted. This standard requires the disclosure of both qualitative and quantitative information that enables financial statement users to evaluate the objectives policies and processes for managing capital.

The directors of Edmonton Northlands are elected volunteers who are not paid for their services. The shareholders of Edmonton Northlands, who are also volunteers, cannot receive dividends, nor can their shares appreciate in value. Shares cannot be sold, held by persons residing South of Township 34 in the Province of Alberta or by the estates of deceased shareholders.

The Organization's objectives in managing capital are to safeguard the Organization's ability to continue as a going concern. Capital is defined by the Organization as net assets, long-term debt and contributions for expansion of facilities and capital debt retirement. In addition to providing financial capacity and flexibility to meet strategic objectives, capital is managed to re-invest excess cash into the organization's facilities and programs.

The Organization is subject to margining requirements under its bank credit facility which limit its borrowings to the lesser of its credit limit and its available borrowing base that is determined mainly by cash deposits. As at December 31, 2008, the Organization was in compliance with these margining requirements.

In order to facilitate the management of its capital requirements, the Organization prepares annual expenditure budgets, which are approved by the Board of Directors and updated as necessary depending on various factors, including capital deployment and general economic conditions.

Inventory

Effective January 1, 2008 CICA Handbook Section 3031, Inventories was adopted. This standard relates to the accounting for inventories and revises and enhances the requirements for assigning costs to inventories. Northlands has adopted this standard and comparative consolidated financial statements have not been restated. There is no impact on the consolidated financial statements. Inventory is shown at the lower of cost and net realizable value and cost is determined on a weighted average basis.

Financial Statement Presentation

Effective January 1, 2008 CICA Handbook Section 1400.08A – 08C, General Standards of Financial Statement Presentation – Going Concern was adopted. There is no impact on the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

4. FINANCIAL INSTRUMENTS

Financial instruments of Northlands include cash and cash equivalents, restricted cash, accounts receivable, due from related party, bank indebtedness, accounts payable and accrued liabilities, funds held for others and long-term debt.

All financial assets must be classified as held-to-maturity, loans and receivables, held-for-trading or available-for-sale and all financial liabilities must be classified as held-for-trading or other. These sections also establish standards for the presentation of financial instruments, equity and changes in equity.

Financial instruments classified as held-for-trading will be measured at fair value with changes in fair value recognized in net earnings. Financial assets classified as held-to-maturity or as loans and receivables and financial liabilities not classified as held-for-trading will be measured at amortized cost. Available-for-sale financial assets will be measured at fair value with changes in fair value recognized directly in net assets.

The Organization classified the relevant financial assets and liabilities in accordance with the new provisions as follows;

Held for trading

- Cash
- Restricted cash

Loans and accounts receivable

- Accounts receivable
- Due from related party
- Bank indebtedness

Other financial liabilities

- Bank indebtedness
- Accounts payable and accrued liabilities
- Long term debt
- Funds held for others

All derivative financial instruments are reported on the balance sheet at fair value with changes in fair value recognized in net earnings, unless the derivative is part of a hedging relationship that qualifies as a fair value hedge, cash flow hedge or hedge of a net investment in a self-sustaining foreign relationship. The amounts recognized in net assets will be reclassified to net earnings in the periods in which net earnings are affected by the variability in the cash flows of the hedged item. In a hedge of a net investment in a self-sustaining foreign operation, the effective portion of the gain or loss on the hedging item is recognized in net assets and the ineffective portion is recognized in net earnings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

4. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values of financial assets and liabilities

The fair values of financial instruments excluding long-term debt approximate their carrying amount due to the short-term maturity of these instruments. The fair value of long-term debt approximates its carrying value as management believes the respective interest rates are commensurate with the credit, interest rate and prepayment risks involved and reflect fair value.

Credit risk

The Organization's accounts receivable are due from a diverse group of customers and as such, are subject to normal credit risks. At December 31, 2008, 3.6% (2007 – 15.0%) of trade accounts receivable is due from a single third party. In addition, accounts receivable include 43.2% (2007 – 32.0%) due from Horse Racing Alberta ("HRA"). The Organization does not anticipate any difficulties in collecting these amounts.

Interest rate risk

The Organization is exposed to interest rate cash flow risk on its floating rate debt, as the required cash flows to services the debt will fluctuate, as a result of changes in market rates.

Currency risk

The Organization holds a USD bank account and processes payments to US vendors through the account, mitigating the risk associated with large changes in the exchange rate. In 2008 the loss on foreign exchange was \$105,348 (2007 – gain of \$63,195).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

5. CAPITAL ASSETS

	2008		2007	
	Cost	Accumulated depreciation	Cost	Accumulated depreciation
	\$	\$	\$	\$
Rexall Place	31,276,536	21,742,564	31,276,537	20,867,522
AgriCom	90,591,246	20,301,334	39,329,466	18,980,646
Spectrum	40,202,774	26,451,368	40,202,774	25,201,825
Other buildings and improvements	23,981,268	15,882,613	27,613,621	17,559,971
Equipment	50,026,587	36,623,541	44,792,990	33,265,775
Construction in progress	33,993,254	—	25,101,906	—
Properties acquired for future expansion	15,292,112	—	15,154,907	—
	285,363,777	121,001,420	223,472,201	115,875,739
Net book value	164,362,357		107,596,462	

Included in equipment is equipment under capital lease with a cost of \$2,294,186 (2007 - \$2,294,186) and accumulated depreciation of \$2,220,050 (2007 - \$2,181,273). Other buildings and improvements have been written down by \$2,580,531 due to the demolition of the Sportex and Administration buildings as part of the AgriCom expansion. Losses on disposal of the Sportex and Administration buildings are \$282,794. The total net loss on the disposal of capital assets is \$273,570 (2007 – gain of \$38,741). Gains/losses on disposal are included in the statement of operations in depreciation expense.

On December 19, 2008, Northlands entered into a capital lease agreement with National Leasing for \$1,000,000. The sale and lease back agreement commenced on January 12, 2009, with an interest rate of 6.97%.

City of Edmonton land lease

The land on which the Organization's facilities are located, including properties acquired for future expansion, is held in the name of the City of Edmonton (the "City") and leased to the Organization for a rent of \$1 per year. The lease expires in 2034. At the expiration or earlier termination of the lease, the buildings and improvements on the leased lands will revert to the City. Provided that the Organization is in good standing, the City is obligated to grant a renewal lease for a further term of 15 years at a cost, and upon other terms and conditions, to be agreed upon by the parties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

6. INTANGIBLE ASSETS

	2008		2007	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Exhibitor relationships	456,960	121,856	456,960	30,464
Sponsor relationships	39,421	10,512	39,421	2,628
Show name and marketing materials	216,405	57,708	216,405	14,427
	712,786	190,076	712,786	47,519
Net book value	522,710		665,267	

7. GOODWILL

	2008	2007
	\$	\$
Balance, beginning of year	287,214	-
Purchase price adjustment	150,000	287,214
Balance, end of year	437,214	287,214

As part of the acquisition of the Farm and Ranch Show, the Organization paid a contingent price adjustment of \$150,000 based on the percentage of original show exhibitors retained for 2008.

8. BANK INDEBTEDNESS

	2008	2007
	\$	\$
Bank indebtedness	6,871,700	-

The Organization has a operating facility with interest at prime to a maximum of \$7,500,000 (2007 - \$5,000,000). The bank holds, as collateral for the operating facility, a general security agreement providing a first security interest on all property.

9. FUNDS HELD FOR OTHERS

Funds held for others include advance ticket sales, telephone account betting deposits, employee savings plan deposits, and other amounts held on behalf of other parties. Employee savings plan deposits bear interest at prime less 1.5 % and are collateralized by a letter of credit from the Organization's bank. The Organization holds \$8,974,392 (2007 - \$11,142,571) on behalf of third parties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

10. LONG-TERM DEBT

	2008 \$	2007 \$
City of Edmonton loan for the Rexall Place scoreboard due September 30, 2021, interest rate 6.0%, annual installments of \$270,272 principal and interest. The City of Edmonton loan for the Rexall Place scoreboard is collateralized by the scoreboard which has a net book value of \$2,092,500 (2007 - \$2,247,500). [note 19]	2,392,634	2,512,176
Term bank loan primarily for the Spectrum, interest at prime, monthly installments until December 30, 2009 of \$75,000 (2007-\$75,000) plus interest.	1,000,000	1,900,000
Capital lease obligations with terms of 36 months, interest rates at 8.17%, and average total monthly payments of \$1,259.	10,996	24,423
	3,403,630	4,436,599
Amount due within one year	(1,137,710)	(2,033,038)
	2,265,920	2,403,561

At December 31, 2008 the prime bank lending rate was 3.50% (2007 – 6.00%) and Included in this availability is up to \$5,000,000 in commercial letters of credit, for purposes other than guaranteeing the obligations of third parties. The Organization has issued \$1,825,000 in letters of credit (2007 - \$1,725,000). The bank holds, as collateral for the operating and term loans, a general security agreement providing a first security interest on all property except for the scoreboard for which it has a second charge, a general assignment of book debts, an assignment of the Edmonton Investors Group Ltd. License Agreement and an assignment of the Organization's Alberta Lottery grant proceeds. At December 31, 2008 the term bank loan also included a guarantee and general security agreement from Kirkness Lake Ventures. The term loan agreements contain certain covenants that allow the bank to demand repayment. Therefore the term loan is classified as current.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

10. LONG-TERM DEBT (CONTINUED)

The fair market value of the City of Edmonton loan at December 31, 2008 has been estimated using year-end market rates of 4.0% (2007 – 5.8%). This fair market value, which would result in a loss of \$301,241 for 2008 (2007 – loss of \$24,736) approximates the amount the Organization would pay if the loan agreement was closed out at December 31, 2008.

The principal repayments of these borrowings to continue under the terms, assuming that demand repayment of the specific term borrowing does not occur is as scheduled below:

	Long-term debt \$	Capital lease obligations \$	Total \$
2009	1,126,715	11,334	1,138,049
2010	134,317	—	134,317
2011	142,376	—	142,376
2012	150,919	—	150,919
2013	159,974	—	159,974
Thereafter	1,678,333	—	1,678,333
	3,392,634	11,334	3,403,968
Less related interest	—	(338)	(338)
	3,392,634	10,996	3,403,630

11. CONTRIBUTIONS FOR EXPANSION OF FACILITIES AND CAPITAL DEBT RETIREMENT

Accumulated restricted contributions received less amounts amortized are summarized as follows:

	2008 \$	2007 \$
Grants and contributions		
Province of Alberta - Lotteries	66,811,405	66,132,114
Province of Alberta - other	80,835,386	79,814,993
Horse Racing Alberta	6,215,680	6,215,680
Government of Canada	9,100,000	9,100,000
City of Edmonton	6,046,971	5,971,971
Total grants and contributions received	169,009,442	167,234,758
Accumulated amortization	(70,362,641)	(67,148,944)
Unamortized grants and contributions	98,646,801	100,085,814

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

12. COMMITMENTS AND CONTINGENCIES

Operating leases

The Organization is party to equipment operating leases with terms up to three years. Minimum lease payments for future years are:

	\$
2008	216,000
2009	96,000
2010	43,000

Litigation

During the normal course of business activity the Organization is occasionally involved in litigation proceedings. At December 31, 2008, certain lawsuits and other claims were pending against the Organization. While the outcome of these matters is subject to future resolution, management's evaluation and analysis of such matters indicates that, individually and in the aggregate, the probable ultimate resolution of such matters will not have a material effect on the Organization's consolidated financial statements.

Other

Northlands has an agreement with the City of Edmonton regarding the sharing of profits from the operations of Rexall Place. The agreement specifies that Northlands will share operating profits from Rexall Place based on a formula wherein the City will receive 20% of the excess of the current year's net earnings of Rexall Place less the average of the previous 5 year's net earnings, adjusted for inflation, of Rexall Place. The total profit share paid to the City for fiscal 2004 to 2008 is \$1,970,678. Per the agreement with the City, the proceeds will be held in reserve, to assist in funding facility capital improvements at Rexall Place

13. SHARE CAPITAL

	2008 \$	2007 \$
Authorized		
300 Shares of \$5 each		
Issued		
281 Shares (2007 - 278 shares)	1,405	1,390

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

14. BUSINESS UNITS

The Organization organizes itself into four primary business units based on the nature of the products or services provided.

	2008 \$	2007 \$
Revenues		
Northlands Major Events	16,698,854	17,818,655
Agriculture	3,634,228	2,332,341
Racing and Gaming	76,971,702	76,634,227
Facility Sales and Client Services	42,148,503	50,410,739
	139,453,287	147,195,962
Expenses		
Northlands Major Events	14,783,922	15,034,192
Agriculture	4,278,197	2,996,027
Racing and Gaming	81,652,008	80,484,060
Facility Sales and Client Services	37,339,758	44,498,471
	138,053,885	143,012,750
Event contributions		
Northlands Major Events	1,914,932	2,784,463
Agriculture	(643,969)	(663,686)
Racing and Gaming	(4,680,306)	(3,849,833)
Facility Sales and Client Services	4,808,745	5,912,268
	1,399,402	4,183,212
Business unit net earnings (loss)		
Northlands Major Events	1,758,470	2,624,558
Agriculture	(829,418)	(743,276)
Racing and Gaming	1,043,994	(253,157)
Facility Sales and Client Services	5,766,999	6,882,470
Indirect grounds, general expenses and other income	(7,174,153)	(3,697,889)
	565,892	4,812,706

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

15. INTEREST EXPENSE

	2008 \$	2007 \$
Long-term debt interest	338,792	366,725
Short-term debt interest and interest income earned	145,949	(500,905)
	484,741	(134,180)

16. GRANT INCOME

	2008 \$	2007 \$
Alberta Lottery Fund – Agricultural and Economic Initiatives	10,000,000	10,000,000
Horse Racing Alberta [18]	7,258,337	5,724,173
City of Edmonton Support Agreement	2,388,355	2,336,942
	19,646,692	18,061,115

Alberta Lottery Fund

The Alberta Government in recognition of Northlands' contribution to the economy, the enhancement of agricultural lifestyle in the province through Alberta's agricultural societies, funds these organizations by way of annual funding.

City of Edmonton Support Agreement

The City of Edmonton Support Agreement provides a contribution towards Rexall Place operating cost of \$183,333 per month or \$2,200,000 per year until May 12, 2013. The \$2,200,000 is adjusted for inflation annually, commencing January 1, 2005. The Organization will be required to renegotiate the agreement with the City if there is a material change in the financial status of Northlands or Rexall Place during the term of the agreement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

16. GRANT INCOME (CONTINUED)

Other Grants

Northlands receives funding from various levels of Government. Grants received during the year are applied as follows:

Nature of Grant	Applied to	2008 \$	2007 \$
Agricultural Grants	Agricultural and Commercial Events	145,626	203,116
City of Edmonton	Canadian Finals Rodeo (Northlands Major Events)	134,000	100,000
Alberta Lottery Fund	Canadian Finals Rodeo (Northlands Major Events)	250,000	250,000
		529,626	553,116

17. RACING ENTERTAINMENT CENTRE ("REC")

The Organization has a Racing Entertainment Centre Agreement ("RECA") with the Alberta Gaming Liquor Commission ("AGLC") which provides for an 85% AGLC, 15% Northlands net slot win split, with the Organization's share of the proceeds to offset expenses of the slot operations. As part of the RECA the Organization is required to maintain a Class 'A' racing license as well as conduct a minimum of 100 days of live racing. The RECA contains a seven day termination clause that may be exercised at AGLC's discretion.

During the year the Organization's REC had a net slot win of \$39,801,458 (2007 - \$40,722,340) which has been applied to Event production revenue – racing. Of this balance, \$33,788,871 (2007 - \$34,613,989) was remitted to the AGLC which has been applied to Event production expenses – racing.

The slot net win from the Organization's REC operation has been distributed as follows:

	2008	2007
Northlands	15.00%	15.00%
Alberta Gaming and Liquor Commission	33.33%	33.33%
Horse Racing Alberta	51.67%	51.67%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

18. HORSE RACING ALBERTA ("HRA")

HRA general fees, levies and gaming commissions paid by the Organization total \$5,467,383 (2007 - \$5,214,967) and have been applied to event production expenses – racing. The discretionary grant received from HRA of 0.95% of the gross handle totals \$964,104 (2007 - \$900,782) and has been applied to event production revenues – racing. Gross handle is the total amount of money wagered by patrons.

During the year the Organization received an operating grant based on 18.33% (2007 – 13.33%) of slot net win totaling \$7,258,337 (2007 - \$5,424,173). The operating grant is received to offset the expenses of ongoing racing activities. In 2008 the operating grant increased 5.00% to offset the discontinuation of the HRA capital grant (2007 - \$970,505). In addition, a transitional grant of \$1,078,410 was received in 2008. In addition, Northlands receives a marketing grant from HRA for \$497,111 (2007 - \$497,011).

19. REXALL SPORTS CORPORATION LICENSE

On April 5, 2004, the License Agreement was renewed with the Edmonton Investors Group Limited ("EIGL"), effective July 1, 2004 for a period of ten years. Under the terms of this agreement, Northlands continues the management and operations of Rexall Place. The License Agreement grants EIGL the right to receive all Oiler game revenues, including net Oiler food and beverage contributions. EIGL is also entitled to all building advertising and sponsorship revenues, suite rental revenues, Oiler ticket surtax revenues as well the Rexall Place parking lot revenue. Northlands is responsible for building operating and capital costs, including the building event costs related to the playing of professional hockey. Under the Agreement, Northlands receives from EIGL building rent of \$1 per annum plus a contribution towards operating costs of \$73,180 per month or \$878,166 per annum for the period July 1, 2004 to June 30, 2014. The EIGL contributions are adjusted annually based on the Consumer Price Index (2008 - \$1,148,695; 2007 - \$1,003,829).

The License Agreement includes an additional annual contribution of \$270,272 for the use of the scoreboard until September 30, 2021. EIGL has agreed to pay a lesser amount than the loan should the Edmonton Oilers cease to play hockey in Rexall Place during the term of the loan.

Effective June 30, 2008, Rexall Sports Corporation purchased the Edmonton Oilers from EIGL. The License Agreement remains valid with Rexall Sports Corporation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

20. DUE FROM RELATED PARTY

On January 23, 2008 Northlands entered into an agreement to acquire the assets of City Centre Raceway GP Ltd. related to the Edmonton Grand Prix. The assets acquired include contracts, intellectual property, and licenses applicable to the Edmonton Grand Prix racing event. The purchase price was \$3,049,000 and was financed from grant monies received. The assets purchased were assigned to Kirkness Lake Ventures ("KLV"). Northlands controls Kirkness Lake Ventures by virtue of the fact that it is a wholly owned subsidiary. KLV was established as a not for profit organization to acquire the assets and manage the business of City Centre Raceway GP Ltd., related to the Edmonton Grand Prix. KLV was incorporated under the Part 9 of the Companies Act of Alberta and under the Income Tax Act is exempt from income taxes. Northlands has not consolidated Kirkness Lake Ventures into their financial statements.

	2008	2007
	\$	\$
Due from related party	6,503,490	-

The related party transactions are incurred during the normal course of operations and are recorded at their exchange amounts, which is the amount of consideration established and agreed to by the related parties. Included in the due from related party is \$512,191 (2007 - \$nil), which relates to amounts that Northlands paid that were not originally accounted for in the original purchase agreement.

A financial summary of the unconsolidated entity as at December 31, 2008 and for the year then ended is as follows:

Kirkness Lake Ventures, as at December 31, 2008

	\$
Financial Position	
Assets	8,465,818
Liabilities	9,395,203
Net Assets	(929,385)
Results of Operations	
Revenues	17,514,983
Expenses	(18,444,370)
Net loss	(929,387)
Cash Flows	
Cash from operating	(6,204,985)
Cash from investing and financing	6,196,427
Bank Indebtedness, end of year	(8,558)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

21. SUBSEQUENT EVENTS

- a) On January 15, 2009, The City of Edmonton has provided long term financing of \$60,000,000 for the capital expansion of the AgriCom. \$59,000,000 was drawn on March 16, 2009, of which \$57,000,000 will be amortized over 25 years and \$2,000,000 will be amortized over 2 year. The interest rate will be calculated at the base rate set by Alberta Capital Finance Authority, plus 0.5%. This debt is to be repaid semi-annually, beginning October 15, 2009.
- b) On January 5, 2009, Alberta Treasury Branch has provided Northlands with interim financing for the capital expansion project, by ways of multiple draws up to a total loan amount of \$25,000,000. The short term loan is due on April 30, 2009. \$23,000,000 has been drawn to date.

22. CORRECTION OF ERROR

The statement of changes in net assets includes a correction of an error that resulted from a misallocation in net assets between the balance of invested in capital assets and the balance of the accumulated operating deficit. This correction has no net impact to the Organization's results in 2007 or 2008.

23. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

